Cultural issues

There are many methods to develop the organizations one of them is Mergers and Acquisitions. This is where strategies for success are developed by acquiring new companies or by the merger of two (P. Gaughan, 2000). Mergers and Acquisitions are amongst the most important phenomena of modern economies (Kwoka, J. E. Jr 2002). Globally number of completed acquisitions tripled between 1991 and 2001. But the world wide announced deals declined rapidly after 2000 falling by nearly 30% in 2002, North America particularly showed its lowest level of activity since 1994(Johnson et al 2005).

Mergers and acquisitions occur frequently in organizations, but rarely achieve their desired financial and strategic objectives. There is a need to review the human, organizational and cultural dynamics affecting mergers and acquisitions, and reports recent trends influencing interventions to enhance merger and acquisition success. Managers need to describe consulting approaches and methods required to minimize employee stress, management crisis and culture clash and to enhance the desired financial and strategic results of mergers and acquisitions (Mitchell lee marks 1997).

AOL and Time Warner: America Online (AOL), founded by Steve Case, began life as a proprietary online service and became the biggest provider of home internet connections; in 2000 it bought a media conglomerate, Time Warner. The move, which needed almost a year to be approved by the FCC, sparked a flurry of (not necessarily wise) online-offline mergers. Just under three years later, the Time Warner investors, holdings in the merged company were worth only $36bn, a loss of over $50bn.

The new AOL Time Warner hoped to use its many divisions to promote group products, but ran into trouble when advertising revenues fell in 2001. Amid lawsuits from shareholders alleging that AOL's value had been overstated before the sale, Mr. Case stepped down as chairman in May 2003. The renamed Time Warner, under its chief executive, Richard Parsons, had to face off a challenge from Carl Icahn, a notorious " corporate raider" unhappy with company strategy, in early 2006. Jeff Bewkes, who will succeed Mr. Parsons as chief executive on January 1st 2008 is expected to make Time Warner much smaller.

The management of these two companies has still been unable to attain the benefits of synergy which actually is the main driving force behind the mergers and acquisition activities. Under achievement of the company is resulted from problems with cultural fit, learning and integration of the new company. Source: http://www. economist. com/background/displayBackground. cfm? story_id = 10097842 Purpose of the research: The main reason for doing this research thesis is to identify the cultural issues at Time Warner and AOL.

Which has been a hurdle in the path of company's progress? The aim is to identify the role and need of training for the management of the company to manage the desired impact of mergers and acquisition on the new conglomerate. There is also an immediate need to identify the importance of communication, leadership, synergy management, stress, motivation, training, performance feedback and culture. Research questions: Following research statements can be made in the context of above discussed issues: ? How merger affects the performance outcome of the company? Which

approach company uses to communicate the merger and acquisition? ? How staff can be motivated during the change process to work according to expectations? ? What level of training at all levels of hierarchy is needed to support the M&A? ? What is the role of leaders during M&A? ? Why M&A are a source of stress for employees and managers and how this can be reduced? ? How can synergy benefits of mergers and acquisitions be achieved throughout the conglomerate? ? How all the above discussed issues can be meld together to form a healthy culture of the merged or acquired company? How employees and management's resistance to change can be overcome by change agents during M; A? All the above questions address the prevalent problems in ALO and Time Warner at the management and staff does not mutually agree on the decisions. This has resulted in constant declining performance of the new company. The main objective will be to address these problems in the context of available literature on organization's cultural issues, motivation, role of leadership in change management, communication and performance management.

Literature review: There has been a lot of research done by researches on the causes and problems of change management organization. Many authors(Lawrence, 1954; Maurer, 1996; Strebel, 1994; Waddell and shoal, 1998, among other) streets that the reasons for the failure of many change initiatives can be found in resistance to change, Resistance to change introduce costs and delays into the change process (Ansoff, 1990) that are difficult to anticipate (Lorenzo, 2000) but must be taken into consideration.

Resistance has also been considered as a source of information, being useful in learning how to develop a more successful change process (Beer and

Eisenstst, 1996; Goldstein, 1988; Lawrence, 1954; Piderit, 2000; Waddell and Sohal, 1998) Undoubtedly, resistance to change is a key topic in change management should be seriously considered to help the organization to achieve the advantages of the transformation. Most of the studies on mergers and acquisitions have shown that the distribution of mergers and acquisitions outcomes is extremely wide include a great deal of failures (Kwoka, 2002)

There can be many reasons to why people resist change in mergers and acquisitions. It can be due to lack of change agents, motivation etc from the organizations. Resistance in any conduct that tries to keep the status quo, that is to say, resistance to equivalent to inertia, as the persistence to avoid change (Maure, 1996; Rumelt, 1995; Zaltman and Duncan , 1997). The post-master success is increasingly being attributed to human factors (Covin et al. , 1997) Regarding the first group of success of resistance, change starts with the perception of its need, so a wrong initial perception is the first barrier to change.

We call the first group ' distorted perception, interpretation barriers and vague strategic priorities'. It includes: (a) myopia, or inability of the company to look into the future 6 with clarity (Barr et al. , 1992; Kruger, 1996; Rumelt, 1995); (b) denial or refusal to accept any information that is not expected or desired (Barr et al. , 1992; Rumelt, 1995); Starbuket al. , 1978); (c) perpetuation of ideas, meaning the tendency to go on with the present thoughts although the situation has change (Barr et al. 1992; Kruger, 1996; Rumelt, 1995); Zeffane, 1996); (d) implicit assumptions, which are not discussed due to its implicit character and therefore distort reality (Starbuck,

Greve and Hedbreg, 1978; (e) communication barriers, that lead to information distortion or misinterpretations (Hut el al. , 1995); and (f) organization silence, which limit the information flow with individuals who do not express their thoughts, meaning that decisions are made without all the necessary information (Morrison and Milliken, 2000; Nemeth, 1997). The second mini group of sources of resistance deals with a low motivation for charge.

We have identified five fundamental sources; direct cost of change (Rumelt, 1995); cannibalization cost, that is to say, change that bring success to a product but at the same time brings losses to others, so it requires some sort sacrifice (Rumelt, 1995); cross subside comforts, because the need for a change is compensated through the high rents obtained without change with another different factor, so that there no real motivation for change (Rumelt, 1995); past failures, which leave a pessimistic image for future change (Lorenzo, 2000); and different interest among employees and Management, or lack of motivation of employees who value change result less than managers value them (Waddell and Sohal, 1998). The lack of creative response in the third set of sources of resistance. There are three main reasons that diminish the creativeness in the search for appropriate change strategies; fast and complex environmental change, which do not allow proper situation analysis (Ansoff, 1990; Rumelt, 1995); reactive mind-set, resignation, or tendency to believe that obstacles are inevitable (Rumelt, 1995); and (c) inadequate strategic vision or lack of clear commitment of top management to change (Rumelt, 1995; Waddell and Sohal, 1998). Sources of Resistance and Inertia in the Implementation Stage:

Implementation is the critical step between the decision to change and the regular use of it at the organization (Klein and Sorra, 1996). In this stage, two more resistance groups can be found. The first of them deals with political and cultural deadlocks to change. It consists of: (a) implementation climate and relation between change values and organizational values, considering that a strong implementation climate when the values' relation is negative will result in resistance and opposition to change (Klein and Sorra, 1996; Schalk et al. , 1998); (b)departmental politics or resistance from those departments that will suffer with the change implementation (Beer and Eisenstat, 1996; Beer et al. 1990; Rumelt, 1995); (c) incommensurable beliefs, or strong and definitive

The independent variables that are a key for successful M; A implementation and execution are identified: communication, leadership and trust, organizational culture, change and stress. The literature review demonstrates the important roles played by each variable throughout the M; A process (Steven H et al 2007). According to Huczynski communication is a motivator and breeds Commitment during change process. Abraham Maslow, s provides a good theoretical model to identify the motivational needs of employees at all levels of hierarchy. Cultural web gives a good understanding about a exiting organization cultural and explain what kind of cultural change are required to meet the expected outcome of change management (Johonson et al).

The literate review clearly demonstrates that the combination of uncertainty and the likelihood of change, both favorable and unfavorable, produces streets and ultimately affects the perceptions and judgment, interpersonal

relationships and dynamics of the business combination itself (Appelaum et al 2000; Lictenberg and Siegel 1987) Research methodology: As we know that our research is a blend of experimental and quasi experimental (interventionist- use of multi measure of control group) descriptive and interpretive. Its purpose will be to explain the causes of something identify relationship and measure change in something (Chris hart 2005). In our research we will be mainly focusing on the qualitative method of research rather than quantitative. It identifies and isolates variables for discussion and interpretation, though of course for different purpose from those of experimental research (Milgram 1974).

This kind of research collects information which can be primary and secondary. According to Fisher(2007), an interpretive approach to research sees the link between understanding and action as an indirect one because the word is complex and potions for action are not always clear Saunders et al 2002 suggests the use of qualitative date follows an inductive data follows an inductive approach, Silverman (2000) suggests the use of qualitative data allows the research to build rich descriptions of the context within which the phenomenon develops. We will adopt a research approach where qualitative date collection methods are used. Quantitive methods (e. g. xperiments, questionnaires and psychometric tests) provide information which is easy to analyse statistically and fairly reliable will also be used in order to produce results from the collected primary or secondary data. The research will be a mixture of both qualitative methods. Research Strategy: Saunders et al (2002) suggests the research strategy is a general plan of how you will go about answering the research question. It will include case study of the

company and of other organizations facing the same problems e. g. Kaplan financial, journals, articles, interviews of selected sample of the whole population, reading books addressing the cultural problems of merged organization.

Tony Watson (1994) argues that case studies do enable generalizations to be made about organizational processes and Yin (1994) confirms this by emphasizing there is a distinction between statistical generalizations which cannot be derived from case studies (Fisher 1007). There for the research strategy will be to use both secondary and primary data for the research purpose. As the chosen topic is slightly broad so to get the readily available data for literature review and related information will be easier. Mainly the researchers have used qualitative data for this type of research topic as it becomes much easier to interpret the results in the context of literature. Data collection:

Alvesson and Skoldberg (2000: 251, 247-86) that the problem associated with the research can, in part be overcome through the collection of rich data from multiple sources we will be looking at collecting data from both the available primary and secondary resources in order to formulate a comprehended conclusion and reasoned recommendation for the prevailing business problem. Primary data: Following the research strategy for the dissertation following primary data collection approaches will be used: Interviews: Taking the selected respondents on the specified topic to find answer to research question will be the basis of interviewing. There are many kinds of interviewing's, including structured, semi- structured, unstructured or focus group interviews. Interviews can follow from

questionnaires, adding depth to breath, or be a part of an ethnographic study or oral history. The results of interviews are analyzed by looking to find similarities and difference between responses from respondents. Questionnaires:

Questionnaires are a serious of structured questions which address a specific topic or issue and are used as the basis of the survey approach, Used to find out what, how much, how many, and how often the questionnaires survey can be administered personally, via post or e-mail (Foddy, 1993; Oppenheim, 1992). Focus group: Focused based on interviewing, a focus group is a carefully selected group of brought together in the same place to discuss a particular topic or issue relevant to them. Case study/ reports: As all the publically listed companies are legally bound to disclose information to their shareholders in their financial statements so we will be looking at the problems of post mergers in the company and will also look at the publically available information. This will also help us coincide the results of primary and secondary data and enable us to reduce the errors in our results. Credibility of research:

The research is credible in a sense that the cultural issues in merged and acquired are becoming serious and research have done a lot of work to identify and solve such issues during change management. The worthiness of the result will be measured by using statistical tools for sampling tools for and computing software e. g. SPSS (Statistical Package for the social science). Hypothesis testing will be done to finally examine the overall result conclusion and suitable recommendation of the topics. It can also be done by comparing our research methodology and result with the work done by other

research on the same business issue. The validity of the result of various will be understood by the above mentioned methods. Access and research implications:

As far as the literature researches are concerned we are going to need books on the role of organization culture on the people on the performance in organizations. As we have already got some the material on this topics because we studied this in depth in our taught modules of MBA. If we need any addition literature to support our arguments that can easily be collection either from the college library or to gather a range of ideas of how they went about the topics. This will help us to formulate a healthy argument on the topics. For the sake of primary information we will try to arrange some group interviews with the sampled staff of the local office of our selected organization. We will try to get the required information mainly thought questionnaire and interviews.

To combines all the information to generate results the research need to have good command on Microsoft word and Excel as well s on the statistical tools. Ethical Implication: Presenting data or ideas of another person as your own without property citing them, and there by showing the attribution amounts in varying degrees to plagiarism. Failing to acknowledge all person and organizations involved a research project constitutes bad practice; publishing duplicate or nearly duplicate articles of the research in multiple journals distorts citations, indexes and is therefore bad practice. It also constitutes including the name of persons who had little or nothing to do with the research for an article constitutes deception.