

Positivist paradigm
phenomenological
paradigm
management essay



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This chapter will focus on the methodology of the research, including the approach, applied methods, research strategy, data collection and analysis, research limitation and ethics. This is important step because it describes the way researcher decides to choose to work out findings of the research.

Research philosophy.

A research philosophy refers to the belief about the way data of a phenomenon be gathered, analyzed and used. There are four types of research philosophy: positivism, realism, interpretivism and pragmatism (Saunders et al, 2009), however, positivism and interpretivism are the most dominating ones. A positivism research “ denotes a philosophical approach, theory, or system base on the view that in the social as well as natural sciences sense experiences and their logical and mathematical treatment are the exclusive source of all worthwhile information” (Adler, 1964). The positivist argues that the true exists independently of the people who seek it, and can be found through logical deduction or the collection of data (Jankowicz, 2005). Phenomenologist, or so called “ interpretivism”, “ social constructionism” (Easterby-Smith et al, 2002) on another hand, believes that the world is socially constructed and subjective and science is driven by human interest. The philosophy of a reseacher has close relationship with reseach approach, strategy and methodology. The deltails of positivism and phenomenology are presentd in table below:

Positivist paradigm

Phenomenological paradigm

Basic beliefs

The world is external and objective

The world is socially constructed and subjective

Observer is independent

Observer is part of what observed

Science is value-free

Science is driven by human interests

Researcher should

Focus on facts

Focus on meanings

Look for causality and fundamental laws

Try to understand what is happening

Reduce phenomenon to simplest elements

Look at the totality of each situation

Formulate hypotheses and then test them

Develop ideas through induction from data

Preferred method include

Operationalising concepts so that they can be measured

Using multiple methods to establish different views of phenomena.

Taking large samples

Small samples investigated in depth or over time

Table: Research paradigms (Source: Easterby-Smith et al, 1991)

However, despite the fact that there is a relatively clear distinction between positivist's and phenomenologist's view, and " a sharp difference of opinion exist between researchers about the desirability of methods, the practice of research involves a lot of compromise between these pure positions" (Easterby-Smith et al, 2002). This opinion is strengthened by many researchers' consensus, such as Remenyi et al (1998), Orton, (1997) or Saunders et al (2009).

This research is dealing with culture issue, which is complicated with various layers and strongly affected by human factors, therefore phenomenology is chosen as dominated philosophy. However, the author will also employ some methods of data collection and analysis in positivism approach to improve the quality of research.

Research approach.

According to Saunders et al (2009), there are 3 distinct methods of reasoning: deductive, inductive and abductive. In deductive approach, theories and hypotheses would be tested against reality to see if it was verified or not. Inductive approach, in contrast, base on empirical findings, researcher will generalizing the facts to theories. Abductive approach starts

with an incomplete set of observations and tries to find the likely best explanation for what have been observed.

For the nature and purpose of this study, the author decides to employ deductive approach. Robson (2002) introduces 5 stages of deductive approach process as follows:

- Deducing the hypothesis from theory.
- Expressing the hypothesis in a relationship between two specific concepts or variables.
- Testing the operational hypothesis.
- Examining the specific outcome of inquiry.
- Modifying the theory in the light of the findings.

In this research, the author starts by compiling other studies on corporate culture issues, especially those involving merger, sorting them out, providing hypotheses and test these hypotheses by empirical facts and finally, making results.

Research strategy.

Saunders et al (2009) argues that research strategy should be chosen base on what kind of questions to be answered and what objectives to obtain.

There are seven models of strategy, including experiment, survey, case study, action research, grounded theories, ethnography and archival research. Base on the objectives mentioned in chapter 1, the author decides

to choose case study as strategy for this research, because the following reasons:

Firstly, the case study is applicable for analyzing the process with qualitative approach (Denzin and Lincoln, 2000), however, case study also allows for quantitative measurement. Yin (1984) notes that “ case studies can be based... entirely on quantitative evidence”. In this research, the author attempts to use both qualitative and quantitative approach, which is entirely applicable using case study strategy.

Secondly, we can have in depth view on the entire organization with thorough detail on the issue (Makhlouk and Shevchuk, 2008). Hammersley (1987) argues that the case study examines the interplay of all variables so as to provide deep and complete understanding to an event or situation.

However, case study strategy has some limitations. Yin (2003) indicates that case study is too situational specific that could hardly create a strong base for scientific generalization. Because the case lack of representativeness, in this research, the author will avoid making generalization but simply test the hypothesis whether it is fault or true for this specific case, then the author will make any adjustment, when possible, to the hypothesis.

A case study can be classified to multiple or single one (Yin, 1994). This refers to the number of case being investigated to test against existing theories. One investigated case will design single case study and more than one case will form multiple case study. Yin further classifies the case study into embedded or holistic design. The distinction between these designs lays in the number of analysis units that are analyzed in the case study, while the <https://assignbuster.com/positivist-paradigm-phenomenological-paradigm-management-essay/>

holistic one concerns only one unit of analysis, the embedded one involves multiple units. In this particular study, the author employs single case holistic design, which means only one unique case (Habubank acquisition) is being studied in order to have a critical test on an existing, well formulated theory. Only one unit of analysis, i. e. culture differences on the post merger entity appears in this study.

Research method.

Dawson (2009) mentions two methods of measurement including qualitative and quantitative ones. The main difference between these two methods is not the quality, but the procedure to collect and process data. Qualitative method is appropriate for “ research about persons’ lives, lived experiences, behaviors, emotions and feelings about organization functioning, social movements, culture phenomena...” (Strauss and Corbin, 1998). Generally, qualitative research is used to have in-depth assessment on the behavior, attitude and experiences. This methods is applicable while the phenomena are often complex in nature (Ghauri & Grohaug, 2005). Qualitative method is appropriate when using questions “ why”, “ what” and “ how” (Sauder et al, 1999).

Quantitative research “ generates statistics through using large scale survey research”. This method emphasizes quantification procedure, therefore, applicable in research of facts.

In this research, qualitative method is used as to find answer for the hypotheses raised in previous chapter. The reason for this is that culture-related issues are complex and difficult to measure, therefore unable to be

solved using solely quantitative method. Schein, (1984) argues that the basic assumptions underlying culture can hardly be captured in quantitative analysis but a qualitative method will be more helpful in acquiring an in-dept understanding. The author therefore believes that qualitative approach will be more appropriate in finding answer for the specific case of this study. However, to engage more respondents to the research and increase the validity, the author also employ quantitative method by provide questionnaires and measure the response of the employees through numbers and index.

Data collection and data analysis

3. 5. 1 Data collection

Data collection is important in finding outcome of a research and should be chosen base on the nature of research problem. Data of a research might be primary, or secondary one, or both. In this research, secondary data collection is used in reviewing literature and making research methodology. Primary data will be collected from questionnaire, interview or observation for exploring research.

Primary data are those directly collected by the researcher (Srivastava and Rego, 2011). According to Ghauri and Grohaug (2005), the advantage of primary data is the relevance and consistency with research objectives. However, primary data also has shortages as cost and time consuming to collect and difficult to access, to analyze and to synthesize. Moreover, to some extent, the primary data could bear the bias. This, however, could be

reduced by involving high number of respondents in questionnaires and interviews.

In this research, the author uses interview and questionnaire to acquired data from respondents. Because the research author is working in the organization, therefore, observation is a appropriate way to collect data which would help the author have direct information on the related problems, especially sensitive information that interviewees may evade.

Ghuri & Grohaug (2005) defines secondary data as those have already been collected by others for other purposes. The secondary data from book, journal articles, webpages and published annual reports... are also used in this research to provide information that useful to solve the research problem, help understand and explain the problem in a better way. Books are important sources that provide reliable theories, while Internet offers an easy access to a wide source of online databases, such as EBSCO, Emerald, Sage, etc. Many academic writings can be found in these sources and construct a multi-dimension view for the researcher on the chosen topic.

The advantages of secondary data collection comprise of time and money saving, ability to propose suitable methods to resolve particular research problems (Ghuri and Grohaug, 2005), data could be collected in large geography and temporal problem (Srivastava and Rego, 2011). However, because secondary data is collected from other researchers with possible different objectives, which probably do not completely fit current research problems, using secondary data therefore would bear limitations.

Design of questionnaire and interview:

The basic idea of qualitative research is to choose research participants who has lived through the phenomenon that the researcher is curious about (Auerbach et al, 2003). For qualitative research, the size of population is not as important as the suitability of the population, therefore, the researcher focuses on selection of the right participants and designing the questionnaire and interview.

Interview:

Fisher (2007) points out two types of interview: open and pre-coded ones. In open interview, interviewers and respondents do not follow a defined format but let the dialog flow as the way it is. In a pre-coded ones, the interviewer prepares a script and not to deviate from that. In this research, the author decides to use the semi-structured interviews which by the nature are mixture of the above. This kind of interview could help directing the conversation while capture more interesting information that respondents may want to deliver. Another reason for semi-structure interview is that it was conducted in many researches therefore implies for the advantageous usage. More over, the author could have more valuable information if respondents are not subject to pre-defined questions. The author will also have chance to make questions clearer to help the respondents clearly understand the intention of the research and give response precisely. Only once the clear understanding was gained, was it possible for the interviewees to propose recommendations in better handling culture conflicts in merger.

To prepare for the interview, the author first drafts the interview with open questions, distributes the questions to interviewees by e-mail for their preparation and asks for a meeting. The author then will arrange a face to face meeting with the interviewees using note-taking. Additional questions can be raised during the interview for capturing more information.

There are three parts in the interview:

The description of the culture differences.

The impacts of the culture differences on employee turnover, performance and corporate value.

The role of leaders in managing culture clashes and recommended actions to curve bad impacts.

The study is conducted on the full time employees who work for Habubank under the merging time. The author intend to choose 6 participants from 6 branches in Hanoi to make interviews, these are the branches bearing the highest outstanding loan and number of employees of the bank. There are 3 more respondents from different functional departments in Head Office. The participants are intentionally chosen based on assessment of their potential understanding of the acquisition, experience and management skill. The participants are managers or directors because these respondents have a sufficient information and knowledge about the merger and related issues. There are three managers and four branch directors can arrange time for face to face interview, one directors is on business and unable to arrange for the interview, the last directors agree to make interview via phone. Direct

interview takes 60 minutes on average, while phone interview takes only 45 minutes.

Questionnaire:

This type of data collection allow the author to collect direct and relevant information. Advantages of questionnaire include: cheap and quick to conduct, enables anonymity and can be fulfilled anytime and anywhere (Bryman and Bell, 2007). However, with questionnaire, it is important that the participants understand the questions so that they can give most accurate data.

Questionnaire could be self-administered or interviewer-administered. Self administered questionnaire is used with closed questions while interviewer administered questionnaire is used with open questions. In this research, the author attempts to use self - administered questionnaire to measure the PCC index to see whether the culture of new entity meet employees' expectations from both acquire and target companies.

Because questionnaires are used to create PCC index, which measures the compatibility of the acquirer and target's cultures, therefore this index needs to represent the view of majority of employees. Due to this reason, the researcher intentionally choose employees as targeted respondents with expected populations of 100 to increase the reliability of data. The questionnaire for measuring PCC will be constructed as a table based on the variables adapted from Cartwright and Cooper, (1992) with self-administered design. The questionnaires are delivered by e-mail and collected from

participants 3 days after that. The author is available by phone to explain any technical terms that respondents may have.

Method of data collection

Hypothesis

Descriptions

Question no.

Q

Perceived Culture compatibility

1-23

I

Culture differences

1-6

I

1

Culture impacts on employee turnover

7

I

2

Culture impacts on performance

8

1

3

Culture impacts on corporate value

9

1

4

Role of culture leaders on dealing with conflict

10-12

Figure 6: Distribution of issues on questionnaire/interview.

3. 6. 2 Data analysis

In this study, the author will use Microsoft Excel to analyze the primary data collected from questionnaire. Data collected from interviews will be grouped in four colour- coded- excel sheets namely culture dimensions, impacts of culture conflicts, role of culture leaders and recommendations. Impacts of culture will be managed under different heading columns: human resources, performance and value. These are the main objectives that the author is trying to make clear in this research. Narratives of participants' responses are quoted in a separate sheet for convenient reference when needed.

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Arranging data this way will help the author to easily identify the similarities and differences. The author will also weight the percentage of commons view to see what is major opinion and what factor is the most influenced by culture differences.

Limitations of research methods.

Due to the approach, the strategy and methodology chosen of the research, some limitations could be identified as follows:

Firstly, there would be possible bias from the answers collected from questionnaire and interview method. Ticehurst & Veal (1999) suggested that there was a risk of receiving low quality responses because of some reasons: not interesting issues, the language used in the survey was too academic and not easy to understand...

Secondly, some participants might not tell all of their thinking when completing the questionnaire/interview because assessing culture issues is quite sensitive. The employees may tend to withdraw from the sensitive questions or do not answer the questions directly.

Thirdly, since the author is currently employees of the questioned company and uses observation as a method to collect data, the result would somehow be subjective. However, this could be narrow down since other objective methods like questionnaire, interviews are used as majority.

Fourthly, because the limitation in time and geography, the author can not cover such a high population as expected. It is obvious that the larger the population, the higher validity the result. Therefore, the finding of this study

is only have reference value and future readers should realize this limitation area.

Ethical issue

Fowler (2002) argues in his writing that researchers “ should make sure that no individual suffers any adverse consequences as a result of the survey”.

Regarding ethical stances, Zikmund (2003) on another hand indicates that it is researcher obligation to “ presenting research purpose and safe guarding participants confidentiality and secrecy and prevention of the occurrence of any hurt or humiliation and prevention of exertion of pressure on any of the respondents will be considered”.

According to Saunders et al (2009), research ethics include:

Privacy of participants

Voluntary nature of participant and the right to partially or completely withdraw from the process

Consent and possible deception of participants

Maintenance of the confidentiality of data provided by individuals or identifiable participants and their anonymity

Reaction of participants to the data collection method

Effects on participants from data analysis method

Behavior and objectivity of the researcher

In this research, the author integrates the ethics issues into the whole research project. The author respects the privacy and confidentiality of the respondents as well as their contribution to this research. If the participants do not want to join the interview, the author will be pleasure but do not enforce them to do the same. They are aware that information provided will be keep confidential, never be disclosed for the third party or used for other purposes outside this academic writing. Employees who take questionnaire is not requested to give name. Contend of interviews is not tape recorded but note-taken and kept anonymous. This ethical stance will be clearly delivered to the respondent before implement the research.

Chapter summary.

The chapter has discussed the methodology of this research. In this research, the author uses deductive as the major approach to test the proposed hypothesis. Qualitative research are chosen to deal with complicated issues of culture. The author uses non-probability technique to make 9 interviews and 100 questionnaires. Collecting data is analyzed by Excel. The research limitation and ethics are also described in detail. By grasping the research methodology, in the next chapter, the author will collect and analyze data to address the hypotheses raised in chapter 2.

Chapter 4: Findings and discussion.

Chapter introduction

In this chapter, the results obtained from interviews, questionnaires, self observe and other sources such as websites, annual reports... regarding the integration process of HBB acquisition are presented. The researcher will

analyze the collected data to address the hypotheses raised in chapter 2. In this chapter, the main objectives of the thesis will be solved through the discussion on issues raised. To help the readers follow the chapter, the author will present chapter content in the same order in literature review. For a better understanding of the case, the researcher also introduce an overview and the reasons lead to merger of SHB and HBB.

4. 1 The context of Habubank acquisition

Established in 1989, HBB is one of the most early established banks in Vietnam. In February 2012, HBB's chartered capital of VND 4, 050 billion dong (USD1. 92 million equivalent) with 1, 300 staffs. The bank has 80 branches and transaction points nationwide with main focus on the North of Vietnam.

HBB used to be the bank of dream that many people want to work for. In year 2006, 2007, HBB was one of the top 3 joint stock banks, and continuously granted " Vietnam Bank of the Year" award by The Banker Journal, UK. However, the bank was unable to maintain its success during the economic recession, as it faced serious difficulties in liquidity and bore extremely high level of bad debts.

There are some reasons attributed to HBB failure. First, the undiversified credit list. The bank concentrated too much on certain groups of customers, and when some of these customers had difficulties in operation and went bankruptcy, the bank's operation was seriously affected. Second, economic recession makes business operation of companies even more difficult and ineffective. Third, the risky investment. HBB pursued quick growth by

emphasizing on the high risk high return industry while paid less necessary attention on the sustainable development. Last, the risk management system and credit policy makers of the bank did not make a good job. There had been many commercial frauds in banking system and the bank was one of the victims with estimated loss of Vietnam dong thousands billion.

Due to the above obstacles, the bank operation had experienced negative growth. HBB reported an inherited loss at VND 1, 829 billion in February 2012, and the overdue loan was at 21. 32%, much higher than the average rate 3. 2% of the banking system (Merger Plan, 2012). The bank liquidity is at highest emergency and stands at threshold of bankruptcy, and is demanded by SBV to merge with other bank in the system to improve its financial status.

SHB was founded in 1993 in the South of Vietnam. By February 2012, the bank network spread along country with 158 branches and transaction points. SHB also extended its business into Asian region with two branches in Laos and Cambodia. The bank has registered capital of VND 4, 815 billion (USD 2. 29 million equivalent) and 3, 000 staffs.

Despite various difficulties in recent economic recession, SHB maintains its growth during last 5 years. The bank also has clear direction in different stage of development, which is suitable with its capacity. The management team is competent and has long term commitment with the sustainable development of the bank. Said to be active strategists and avail any possible opportunity to develop, the bank leaders recognized M&A as chance to expand its reputation and market share. In the scenario that the State Bank

of Vietnam closely controls the credit growth rate and extending network, merger with another bank is a perfect strategic solution to develop with lowest time and money consuming. HBB is targeted due to the similarity in structure, range of services, strong customers base and the possibility of financial success.

SHB and HBB come to a final deal with official announcement on 28 August 2012, marking the disappearance of HBB entity. Post merged bank operates under the name of SHB. One HBB share will be converted to 0.75 new share. One former SHB share will be converted to 1.21 new share. 16 August is the closed day to converse HBB share to SHB share. 26 October is the first trading day of converted share.

4. 2 Findings

4. 2. 1 Findings from demographic data.

Among 100 survey questionnaire provided to employees of five branches in Hanoi, only 57 sheets are collected. Of those 57 sheets, there are 15 sheets invalid due to the lack of more than 50% questions or some participants misunderstanding the questions. At last, only 42 sheets are valid and taken to calculate PCC Index.

The author contacted 9 directors and managers to arrange the interview, however, only 7 accepted. The other two respondents think that the issues is too sensitive and they are not yet ready to join the interview. Because the interviewees are intentionally chosen at management level, total 7 directors and managers have at least 8 years working for Habubank before become SHB members, therefore all experiences the transitions period,

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witness the cultural conflicts and have their own opinion. These respondents all have graduate and post graduate degree, and the author explains in detail the interview question to avoid any mis-understanding. The author therefore is very confident in the reliability of data gathered.

4. 2. 1 Findings on culture differences.

Culture dimensions

Total respond-ents

No. of respondents acknowledged differences

No. of respondents do not acknow-ledge differences

Approach to innovation and activity

7

6

1

Approach to risk

7

7

0

Horizontal relationship

7

6

1

Autonomy and decision making

7

7

0

Approach to performance

7

5

2

Approach to communication

7

6

1

In terms of innovation and activity:

There are much differences regarding the approach to activity. Frankly speaking, SHB has more rapid response to the changes. The bank rapidly moved from a rural commercial bank to a first class urban bank in terms of reputation and operation scale within 5 years. The bank has strong orientation to grasp any chances to expand its market and product range. SHB is among 5 Vietnamese banks who have overseas operation. This is a wait-in-front action in response to the development of Vietnamese businesses with such countries. The bank also attempts to exploit opportunities to launch new products with detailed development schemes. HBB, on another hand, preferred stability and more focused on formality, therefore, the bank was seriously affected by the financial storm and slowly response to the new difficult situation.

In terms of risk taking:

As consequence of innovation and activities approach, SHB is more risk appetite than HBB. The belief about risk taking influences many important decisions, including the decisions to expand operation abroad, engage in new service ranges, apply new technology or typically, the strategic decision to acquire other institutions to enlarge corporate size and market share. Former HBB, in some fields, to some extent, paid insufficient attention to the risks management. Detailed & specific mechanism to identify and handle potential risks not applied completely, in some fields of business activities.

In terms of horizontal relationship:

Horizontal relationship refers to the cooperation between functional divisions and other units within the bank. In Habubank, people tend to have long term

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engagement with the bank therefore the connection and cooperation among employees and departments is more enhanced. Working at Habubank is an unforgettable experience for anyone used to be Habubank members. People do not only co-ordinate, share best practices in work but also share living experience. They are not simply workmates but also friends out of work. Leaders of the bank care for work-life balance, they understand that each member also plays other roles and has other responsibilities in life. People are assessed on what they deliver to the whole value, not on what position they have or what responsibility they own. Above understanding has fostered the employee commitment and the bank turnover is extremely low among other Vietnamese banks. Habubank philosophy is “ HBB Board of Directors and Board of Management consistently and incessantly strive to improve staff motivation and enhance their professional capability. Working with Habubank is a challenging but rewarding opportunity when you can be working in a professional banking environment, obtaining and exploring new knowledge and actively contributing to a financial organization not afraid to admit mistakes and learn from mistakes. Our internal regulations and career development policies have always dignified cultural values treasured by Habubank which are strong leadership, straightforwardness, honesty, explicitness, openness and cooperativeness.” (habubank. com. vn)

However, in SHB, the bank has different structure which highly concentrates on individual responsibility with clear reward and punish mechanism, therefore, to minimize the risk that one possibly has, people tend to carefully check relevant terms and conditions to protect themselves and less cooperate with other department to solve the problems.

In terms of autonomy and decision making:

All the respondents argue that SHB gives more autonomy and decision making for functional units and branches and HBB is likely to have more restrictions on employees empowerment. SHB's decentralization structure which allows its business unit to make decision and responsible for its choices. HBB on another hand follows centralization process, thereby every actions need superior approvals. However, with functional structure, organization should have appropriate deligation of power so that making use of the structure type (Minzberg, 1993). All respondents agree that SHB approach on autonomy show advantageousness in banking business. In HBB, people do not have neccessary activeness to make decision but need to ask for Head Office approvals in many cases. This does not create motivation for employees since they feel no need to work harder or make creativeness or improvements.

In terms of performance:

As a matter of course