

The cultural clash between two companies



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According to the 'Frocky Horror Show', there is cultural clash occurred in an organization. 'Culture Clash has been coined to describe the conflict of two companies' philosophies, styles, values, and missions. This may, In fact, be the most dangerous factor when two companies decide to combine' Bijlsma-Frankema (2001). According to The Frocky Horror Show (1999) Elizabeth Emmanuel, had started designing clothes by build up her own brand with her name ' Emanuel', and gained fame for designing Princess Diana's wedding dress. After divorced with her husband, she had registered Elizabeth Emanuel as her own brand name. The lady then faced financial difficulties on her new business and then she need to associate with Shami Ahmed, the founder of the Joe Bloggs jeans brand who had built up a clothing empire based on his trademark baggy jeans and in the 1990s. Ahmed purchased the trademark ' ELIZABETH EMANUEL' and also the company's asset, goodwill and debts. The Association between Emanuel and Ahmed had faced a cultural clash because there are no shared beliefs, norms or values between them and these have caused a feud. It is because Ahmed is a shrewd businessman which tend to put more effort in develop and build the brand, but not in the sense of designer such as personality and style. Joe Bloggs which own by Ahmed Shami is more in street wear as it famous of its baggy jeans. Shami Ahmed hope to maximize profits that might earn from a brand, he tend to be more practical. Elizabeth Emanuel is more in personalization in design the wedding dress for royal group or upper social group as it wedding dress could sold up to a few thousand pounds, she used to be more in detailed and creative in the dress or products that she designed. In other words, she places the sense of its brand label first than business profit that she could yield through her brand. Conversely, Emanuel is a talent designer <https://assignbuster.com/the-cultural-clash-between-two-companies-essay-samples-2/>

with sense of fashion, style and personality. Therefore a cultural clash is occurred between these two organizations with no shared beliefs, norms or values and lack of teamwork. Elizabeth Emanuel ended up lost her position in the association and also could not use ‘ Elizabeth Emanuel’ as her own trademark.

Culture Clash between Hewlett-Packard and Compaq

There is another culture clash that occurred between the merger of Hewlett-Packard (HP) and Compaq. Hoopes (n. d) The reason of the merge is to improve HP’s market share across the hardware line and double the size of HP’s service unit-both essential steps in being able to compete with industry-giant IBM. Moreover, they hope to create a full-service technology firm capable of doing everything from selling PCs and printers to setting up complex networks. The merger would eliminate redundant product groups and costs in marketing, advertising, and shipping, while at the same time preserving much of the two companies’ revenues.

The merger had faced culture clash as their cultural differences among these two companies. Awpagesociety (n. d.) mentioned HP Company core values are based on the ‘ HP way’ where culture has always had a powerful influence on how the company functions; undertaking cultural integration poses an especially daunting task. Stachowicz-Stanusch (2009) HP’s core values include Market Leadership, Leadership Capability, Customer Loyalty, Employee, Commitment, Global Citizenship Growth and Profit. Compaq Company has hindered “ evolution” of its values. Their core values are listening and solving customer problems, being passionate about everything

we do, driving innovation and building cool stuff, partnering for our customers' advantage, communicating openly and honestly, doing what we say and having fun. Elgin (2005) HP is more in an engineering-driven culture that values teamwork and rewards ideas and inventions whereas Compaq had a hard-charging sales culture as perceived as aggressive. Beside, according to Pimentel (2001) HP put a heavier stress on team accountability while Compaq is more in sharply defined lines of responsibility. Besides, there are also some cultural gaps in between these two companies (Please refer to Appendix 1).

Burgelman & Mckinney (2005) The merge of HP and Compaq was initially considered a success in 2002, as the company was still able to exceed their goals. In 2004, the fact of HP missing the merger's longer-term revenue and profit goals had become clearer. However, in 2005, the competitive effectiveness of HP's new corporate strategy had been skepticism by investors and employees of the two companies as the company continued to struggle with some key strategic issues. This had caused stock prices for HP and Compaq to fall significantly in the months following the deal's announcement.

However, study shows that the chances for mergers fail are greatest during the integrated process (Simpson, 2000). ' Integration fails because of improper managing and strategy, culture differences, delays in communication and lack of clear vision.' (Nguyen & Kleiner 2003). Also ' 83% of all recent mergers and acquisitions failed to produce any benefit for the shareholders and over half actually destroyed value' (Gitelson, John &

Laroche 2001). Davidson (2004) stated, Jackie Kane – HP Vice President <https://assignbuster.com/the-cultural-clash-between-two-companies-essay-samples-2/>

pointed out that culture was the biggest challenge in the merge. In order to make the merger succeed, they had did extensive research known as cultural due diligence, which is included an interviews with 300 leaders in both organizations, analyzing of employees and focus groups by third party. Examination into factual material was also attempt to record practices. The purposes of the research were to justify the unofficial decision making framework as much as the well documented formal organizational structure. The management had allowed every team to communicate and discuss HP's strategy, structure, values, and how they are going to fit in the new merge company and their contribution in performing or make valid of the strategy. Davidson (2004) Finally they had came out with new HP's value: ' passionate about customers; have trust and respect for individuals; perform at high levels of achievement and contribution; act with speed and agility; deliver meaningful innovation; achieve our results through teamwork; and conduct our business with uncompromising integrity.' Among these value, only one of Compaq's Value " speed and agility" had added.

As a result, Davidson (2004) the new HP had gain advantages to competing with other aggressive and giant firm in differ market. Moreover the merge benefits HP to be more decentralization and allow HP-Compaq to be more aggressive and financial driven firm with a different style of cutting-edge. A different possible result is that HP will explore slightly " first of breed" innovations and will significantly try to innovate in the methods that attain its product line breadth. More generally, industry observers conclude that IT services and consumer sales are likely to be field of specific prominence for the new HP.

Based on analysis of 'The Frocky Horror Show' and the merger of HP and Compaq had strongly convinced that the validity of statement: 'culture clash as "undeniably the primary causal factor in the failure of mergers and acquisitions and strategic alliances' (Reger et al. n. d.). The different culture in between Emmanuelle and Ahmed Company had cause them to have different opinions in the way of doing business, how they view their business and also differ in strategy and decision and caused the failure of their merger. Beside, Want (2003) also mentions the failure to take corporate culture as an important aspect of organization has affected too many mergers "without any chance for success" or undermined their ability to achieve their full potential in such combinations in Appendix 2. Want (2003) It is good to follow HP acquisition of Compaq in terms of how well both of these companies blend in their distinct corporate cultures as one in order to make a merger success.

Compare to HP-Compaq, IBM had outstanding performed in its business for over a century. The reason of their success: 'IBM has been found in its core business development through organizational culture, decision making and organizational structure' (Moore 2009). Beside, 'IBM was a leader over the last 75 years in creating a culture of remarkable achievement in business' (Moore 2009) From Moore(2009), IBM build culture around their organization and used satisfaction as their corporate core value while most of organizations failed to address their needs in culture while their business going bigger. The strongest point of IBM is its ability to thrive through global change and market turmoil as they very clear about their values as an anchor point.

As the conclusion, Culture is failing corporate cultures directly contributed to more business failures than at any time in the past.' (Want 2003) Moreover,

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Appendix 1

Table above is taken from Stachowicz-Stanusch (2009)