Merger of PCIT and PICS: Post-Merger Cultural and Marketing Strategies

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ABSTRACT

Over the last few decades mergers and the acquisitions, both the international and the national ones, have become strategic instruments of growth and development of enterprises. A sensible aspect regarding the merger or the acquisition operations is that of integrating the entities had in view. This case is based on the complexities and problems faced by managers of merging organizations. It requires strong decision-making insights to seamlessly merge the distinct and distant organizations into a single powerhouse. The Punjab Group of Colleges is the largest private network of educational institutions in Pakistan. Over a period of three decades, the Group has grown into the largest educational network in Pakistan providing top quality education from Playgroup to PhD with a student body of more than quarter a million all around Pakistan.

The case illustrates merger of two different colleges into a single faculty of newly established university. Different colleges had different organizational culture and both teams were proud of their cultures and have unflattering opinions of the other's. Each college's students were rather loyal, and their technologies are compatible, so management believes a combined faculty will be even more effective, particularly in a time of rapid change in both technology and competition.

Although there was small resistance to merge but the top management was determined to unify the two colleges quickly and enhance the new faculty market image.

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Introduction

The Punjab Group of Colleges is the largest private network of educational institutions in Pakistan. Over a period of three decades, the Group has grown into the largest educational network in Pakistan providing top quality education from Playgroup to PhD with a student body of more than quarter a million.

Within a period of 30 years, the PGC has established over 230 campuses of Punjab Colleges, 350+ campuses of Allied Schools and 3 Chartered Universities include in The Punjab Group. Mohammad Ali Jinnah University in Karachi, The University of Central Punjab in Lahore, and The Capital University in Islamabad are all chartered universities of the Group and are highly rated in their respective domains.

Before Merger

Punjab College of Information Technology (PCIT) and Punjab Institute of Computer Science (PICS) both were part of Punjab Group of Colleges offering degree programs in Information Technology and Computer Sciences respectively. PICS was established in 1993 while PCIT was established in 2000. Both colleges benefited from the boom of Information technology revolution and both looked forward to growth and expansion. PCIT has annual pass out of about 1000 students and employs 95 people. PICS has annual pass out of about 800 graduates and employs about 80 people. PCIT typically reports greater net profits than PICS.

Punjab College of Information Technology (PCIT)

The Principal of PCIT believed that PCIT was the far superior institution. He credited his college's greater effectiveness to his ability to run a "tight ship." PCIT had detailed organization charts and job descriptions. He believed that everyone should have clear responsibilities and narrowly defined jobs, which generates efficient performance and higher profits.

Principal PCIT had a reputation as an administrator who could get things done. He cut the costs by trimming a number of activities such as college picnics and parties, and the training for teachers and staff. Principal PCIT believed that on-the-job training is a waste of time; if teachers/staff don't want to do the work and can’t improve themselves, get rid of them and find somebody else who does. He developed a matrix organizational structure which included the subject specialists titled as ‘Supervisors’ and ‘Class-Teachers’. Supervisors were instructed to
establish high performance standards for their subject areas and insisted that people achieve them. A computer monitoring system was in place so that the output of each teacher could be checked closely against the standards. Principal PCIT told his supervisors to give any teacher who had substandard performance one warning, and then if performance did not improve within two weeks, to fire the person. Principal PCIT believed that teachers don't respect a supervisor who is weak and passive. When Principal PCIT observed a teacher wasting time or making a mistake, he would reprimand the person right on the spot to set an example. Principal PCIT also checked closely on the performance of his supervisors. Demand objectives were set for each department, and weekly meetings were held with each supervisor to review department performance. Finally, Principal PCIT insisted that supervisors check with him first before taking any significant actions that deviated from established plans and policies. Teachers were generally satisfied with their jobs at PCIT, although some managers wished for more empowerment opportunities.

As another cost-cutting move, Principal PCIT reduced the frequency of preventive equipment maintenance, which included more than 500 computers network and 100 plus office equipment, printers, photo-copiers. Since the machines had a good record of reliable operation, Principal PCIT believed that the current maintenance schedule was excessive and was unnecessary. This resulted in the sudden breakdown of equipment during the term time. The situation went worst, exams were not held on the announced schedule due to non-availability of papers and printing facilities. Results were delayed as per schedule and most importantly some parents took their children off from the college. Principal PCIT laid off class teachers from whom classes children were taken off in larger numbers, rather than finding something else for them to do.

**Punjab Institute of Computer Science (PICS)**

PICS's Principal, did not believe in organization charts. He believed organization charts just put artificial barriers between specialists who should be working together. He encouraged people to communicate face-to-face rather than with written memos. One of his subordinates said, "He spends too much time making sure everyone understands what we're doing and listening to suggestions." The Principal of PICS was concerned with employee satisfaction and wanted everyone to feel part of the organization. Teachers were often rotated among departments so they would be familiar with activities throughout the organization. Although PICS wasn't as profitable as PCIT, they were able to launch new courses and programs more quickly, work out of student problems more accurately, and achieve higher pass out because of superb employee
commitment and collaboration. Principal PICS believed that it was important to treat teachers properly so they would have a sense of loyalty towards the college. He tried to improve attendance and retention rate among staff and teachers and convinced other competent authorities in college that the college could not afford to lose skilled teachers that are so difficult to replace. The teachers knew that if they had a special problem, Principal PICS would try to help them. For example, when someone was injured but wanted to continue working, Principal PICS found another job on the ground floor within the college premises that the person could do despite having a temporary disability. Principal PICS believed that if you treat people right, they will do a good job for you without close supervision. Principal PICS applied the same principle to his subordinates, and she mostly left them alone to run their departments as they saw fit. He did not set objectives and standards for the college, and she never asked her subordinates to develop explicit plans for improving quality. Under Principal PICS had the lowest turnover among the group colleges, but the worst record for cost levels.

**Rationale Behind Merger**

At the end of 2004, the top management of Punjab Group of Colleges decided to merge the two different colleges under the banner of Faculty of Information Technology and place it in the newly established University of Central Punjab. Both PCIT and PICS management teams were proud of their cultures and have unflattering opinions of the other's. Each college's students were rather loyal, and their technologies are compatible, so management believes a combined faculty will be even more effective, particularly in a time of rapid change in both technology and competition. The PICS Principal resisted the idea of merger, but the top management was determined to unify the two colleges quickly, increase the new college's marketing position, and revitalize degree programs offered, all by year end.

**Post-Merger Challenges**

The challenges of the integration follow from different cultural values and behavior norms of the players involved in this process and the difference between the two enterprises. In the case of merger operations, the corporate culture reflects an essential aspect for the operation chances to succeed. This analysis allows the identification of the elements specific to each entity and of the risks generated by the too obvious differences or incompatibilities. The more different the cultural characteristics of the two enterprises are, the higher the risks.
It is obvious that the success of a merger or acquisition operation is strongly related to a cultural management of the entities and also to the taking into consideration of the psychological impact of the operation on the members of the acquired enterprise. Corporate culture is considered a lever whose use becomes crucial for the success of the integration period. Corporate culture can be defined as the assembly of attributes and values shared by the employees and which dictate the latter’s professional and moral attitudes. The component elements of the corporate culture are represented by its history, its activity, brand, the organization mode, and its ethical norms.

Perhaps the most intriguing question is the development of core values for branding of the newly formed faculty and university. It also require some pointers to develop the future marketing strategy.
TEACHING NOTE

Case Synopsis

This case is based on the complexities and problems faced by managers of merging organizations. It requires strong decision-making insights to seamlessly merge the distinct and distant organizations into a single powerhouse. The Punjab Group of Colleges is the largest private network of educational institutions in Pakistan. Over a period of three decades, the Group has grown into the largest educational network in Pakistan providing top quality education from Playgroup to Ph.D with a student body of more than quarter a million all around Pakistan.

The case illustrates merger of two different colleges into a single faculty of newly established university. Different colleges have different organizational culture and both teams were proud of their cultures and have unflattering opinions of the other's. Each college's students were rather loyal, and their technologies are compatible, so management believes a combined faculty will be even more effective, particularly in a time of rapid change in both technology and competition. Although there was small resistance to merge but the top management was determined to unify the two colleges quickly and enhance the new faculty’s market image. The UCP management is also interested to chalk out the bases of future marketing strategy.

Target Audience

This case is written for undergraduate students and intended to be used in a number of courses i.e., Principles of Management, Organizational Behaviour, Negotiation Skills, Conflict Resolution. The case is prepared for undergraduate students taking a course in business or management discipline probably in their first year of studies. It is more like an illustration of organizational practice and it does not require greater involvement of students for decision making. The case can be used over a period of time and it was not designed as time bound activity.
Learning Objectives

1. To understand the post-merger complexities especially in the instances of varying cultures of merging entities.
2. To understand the concepts like culture types and culture gap in organizational setting.
3. To understand the negotiation styles and conflict resolution techniques in post-merger settings.
4. To understand the marketing and branding strategies in post-merger settings.
5. To provide an experiential learning exercise to students so that they can apply the concepts in real-life case settings.

Limitations of the Case

This case must be considered as experiential learning exercise and is focused on the post-merger cultural issues only. There are many others issues surrounding mergers (like the rationale behind the merger, problems faced before and after) are not part of this case. This complexity level of this case is intentionally kept low and it is expected that students will learn the culture, conflict-resolution, negotiation and marketing strategies in post-merger settings.

Case Methodology

Authors wrote this case as a teaching case and solely for classroom discussion. This case is written for academic purposes and does not intend to illustrate either effective or ineffective handling of managerial situation(s). All names have been disguised to protect the individual's identity and privacy. Also names of people and designations mentioned in this case do not imply or hold them responsible for anything. Materials or statistics provided cannot be used by third party as evidence. All facts and figures have been taken from the official website of the Punjab Group of Colleges, otherwise cited as secondary source. This strategy has been proved fruitful in describing fundamental concepts through case study design in many other cases (Anjam & Siddiqui, 2013; Fahim & Siddiqui, 2013; Husain & Siddiqui, 2013; Mangi & Siddiqui, 2013; Salman & Siddiqui, 2013; Siddiqui & Anjam 2013a; Siddiqui & Anjam 2013b; Siddiqui & Anjam 2013c; Siddiqui & Fahim 2013).
Suggested Class Plan – 75 Minute

- **Introductory remarks by the instructor (05 minutes)**

Lacking a well-defined integration policy and a cultural homogenization, any cultural difference between the enterprises may create antagonisms and create dysfunctions affecting the performance of the new group. There are three strategies to approach the cultural differences - Imposing one of the two cultures: this solution is feasible but its success requires a rapid execution and based on tasks with a high symbolical meaning: its immediate adaptation to the working methods, the participation and adaptation to the style promoted by the enterprise. - Creating a new culture: this solution is possible, but risky because it might eradicate two communities and create a new culture, in which none is to be found. - Maintaining the two cultures.

- **Using the competing values model, what type of culture (Adaptability, Achievement, Clan, Bureaucratic) would you say is dominant at PCIT ?at PICS? [20 minutes]**

[**Hint:** The instructor is advised to draw the competing values model on the board and with the help of students place PICS and PCIT in respective quarters i.e., Clan Culture and Bureaucratic Culture. Don’t show UCP now]
• Is there a culture gap? [05 minutes]

Answer: Yes! There is an obvious cultural gap between two groups.

[Hint: Ask students to spell out the cultural gaps between PCIT & PCIS.]

• Which type of culture do you think is most appropriate for the newly merged university? Why? [05 minutes]

Students will be divided on this question. In our humble opinion the most appropriate culture type for the newly merged university would be Achievement Culture. Some student might also suggest the Adaptability culture.

[Hint: Students must learn that adoption of culture is highly dependent on the top management’s personality, exposure and vision for the company. Now with the help of students place the UCP in Achievement Culture quarter.]

• If you were the Dean of Faculty of Information Technology of newly established University of Central Punjab, what techniques would you use to integrate and shape the cultures to overcome the culture gap? [10 minutes]

[Hint: Instructor must draw the different organizational tools for changing minds and with the help of students develop an action plan for this case.]
• What conflicts you may expect from this merger? [05 minutes]

**Answers:** Conflicts are expected for every work dimension in the newly established faculty. Answers may vary.

• Identify the major groups and their interests? [05 minutes]

**Answer:** Two groups will be old faculty and staff of PCIT and PICS respectively including their Principals. Each group will be negotiating to maximize their values and cultural norms to be part of newly established university.

• What Negotiation styles may be used by each group? [15 minutes]

*[Hint: Instructor is advised to draw the Negotiation styles figure on the board and with the help of students show how PCIT & PCIS are competing with each other.]*

**Answer:** Most likely both groups will be using competing style of negotiation. Third group will be Dean of the newly established faculty and new staff members. They are required to develop their own strategy.
• If you were the Dean of Faculty of Information Technology of newly established University of Central Punjab, what conflict resolution techniques would you use to manage the upcoming conflicts? Why? [05 minutes]

**Answer:** Students will be divided on this issue and answers may vary. In our humble opinion Dean of the newly established faculty and new staff members must practice Collaborating, Accommodating and ultimately using Compromising style of negotiation.

• If you were the Dean of Faculty of Information Technology of newly established University of Central Punjab, what core values you may suggest for brand development? Why? [05 minutes]

**Answer:** Students will be divided on this issue and answers may vary. In our humble opinion Dean of the newly established faculty may recommend “Achievement Culture” as the bases for new brand. Core brand values may include Competitiveness, Perfectionism, Aggressiveness, Diligence and Personal Initiatives. In order to continue the legacy of the two old intuitions, “Heritage” may also be recommended.

• If you were the Director Marketing of newly established University of Central Punjab, what pointers you may recommend for future marketing strategy? Why? [05 minutes]

**Answer:** Students now have the opportunity to develop marketing pointers for future marketing strategy. Answers may vary. However some pointers are given below for reference only.

1. **Avoid brand failure:** Brands sometime fails when a brand tries to assume a new garb altogether to bring about a fundamental change in its brand identity. This radical swing confuses the customer thus challenging loyalty (Khaqan, Siddiqui, Siddiqui, 2016). This can be mitigated by conducting brand audit at pre-merger stage and brand tracking at post-merger stages (Saeed & Siddiqui, 2015 & Saeed & Siddiqui, 2016). Brand activations (Saeed & Siddiqui, 2016) and endorsements (Naz & Siddiqui, 2012) may also be seen as powerful tools soon after the merger.

2. **Use repositioning as tool to oppress merger challenges:** Mergers normally provide enormous opportunities to marketers for the repositioning of their brands especially the newly formed brands. The repositioning shall be based on the combined strengths of the two merging institutions or altogether a new vacant, strong position in the market place (Siddiqui & Fahim 2014; Sibghatullah, Siddiqui & Siddiqui, 2016, Latif, Sibghatullah, &
3. **Use the intergenerational influence of brand preference in their favor:** Punjab group of colleges has the highest number of alumni in Pakistan as compared to any public and private intuition of higher education. Most of the students getting enrolled now are the second or third generation of Punjab group alumni. The Punjab group can capitalize the intergenerational influence of brand preference in their favor (Hussain & Siddiqui, 2016; Hussain & Siddiqui, 2015; Siddiqui, Bashir, Sarki, Jaffari, & Abbas, 2012).

4. **Communication with all stakeholders:** Mergers involve uncertainty and risks. Communications at all levels and to all stakeholders is essential to mitigate risks. This may require a massive advertising campaign. As the Punjab group of colleges have pass through a long way so the advertising industry in Pakistan has also evolved over period of time (Siddiqui & Siddiqui, 2016) with changes in general public perception towards advertising (Fahim, Siddiqui, Anjam, Aziz, 2013). There are many more cost effective and powerful media emerged so far especially the digital marketing techniques bring customers closer to marketers (Khan & Siddiqui, 2013).
References


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Punjab Group of Colleges ([http://www.pgc.edu/about_punjabColleges.php](http://www.pgc.edu/about_punjabColleges.php))


