INTEGRATION RESISTANCE IN THE ACQUISITION OF NASHVILLE PUBLISHING COMPANIES BY INTERNATIONAL FIRMS

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General Problem

- The general problem addressed was the integration resistance associated with the acquisition of small independent companies by international firms and the effects on employee satisfaction and productivity resulting in the reduction of firm performance and an increase in employee turnover.

- Employee resistance has been shown to be a significant problem through the acquisition and integration process that can lead to morale damage, lower contributions, and turnover issues with employees (Charoensuksongkol, 2016)
Specific Problem

- The specific problem addressed was the effects on productivity and employee satisfaction that occur after the acquisition of independent Nashville music publishing companies by international firms resulting in the reduction of firm performance and an increase in employee turnover.

- Streaming revenues have risen 26% since the beginning of 2019 and represented 80% of all music revenues in 2019 (Alexander, 2019).

- Streaming revenues are expected to increase 40% by 2024 (Charap et al., 2019)

- In recent years, international music publishing firms are increasingly acquiring smaller independent firms in an effort to increase catalog size and royalty revenue streams and benefit from the rise in revenues from digital streaming (Towse, 2017).

- Nashville has been designated as a creative cluster (Baker, 2016).

- Cottineau and Arcaute (2020) expressed that when large organizations attempt to enter a market and take advantage of a cluster, the entry may jeopardize the benefits of the clustering.
Research Questions

- **RQ1** - What are the factors contributing to increases and declines in productivity and job satisfaction of employees whose firm has been acquired by an international organization?
  - **RQ1a** - What are the factors that contribute to the decline in productivity and job satisfaction of employees after their firm is acquired by an international organization?
  - **RQ1b** - What are the factors that contribute to the increase in productivity and job satisfaction of employees after their firm is acquired by an international organization?
Research Questions
Continued

- **RQ2** - What are the perceived experiences of employees undergoing the process of the acquisition of their firm by an international organization?
  - **RQ2a** - How does the perception of being acquired by an international organization affect employee productivity?
  - **RQ2b** - How does the perception of being acquired by an international organization affect employee job satisfaction?
Research Questions
Continued

- **RQ3** - What are the factors influencing the success of increasing employee productivity and job satisfaction during an organization’s acquisition and integration by an international firm?
  - **RQ3a** - What organizational strategies are necessary for high productivity in an acquired firm?
  - **RQ3b** - What organizational strategies are necessary for employee job satisfaction in an acquired firm?
Research Questions Continued

- **RQ4** - What are the differences in the culture of the Nashville music publishing industry from other music markets?
  - **RQ4a** - To what extent does the culture of the Nashville music publishing industry negatively affect productivity in the process of the acquisition and integration of independent companies by international firms?
  - **RQ4b** - To what extent does the culture of the Nashville music publishing industry negatively affect employee satisfaction in the process of the acquisition and integration of independent companies by international firms?
Corporate culture influences the success and failure of mergers and acquisitions (Gamble et al., 2019).

Regardless of why a merger occurs, success or failure can be predicted by looking at an acquiring company’s organizational culture (Chelsey, 2020).

Employees that feel that their organization values them, has their interests in mind, and gives them opportunities to further develop their skills will be more satisfied, motivated, and loyal (Kumar et al., 2018).
Initial Conceptual Framework

Continued

Change Implementation - The non-participation of employees is the root cause of the failure of many change initiatives (Krügel & Traub, 2018).

Lewin’s Change Model – Lewin’s change model suggests that organizations unfreeze the current level, move to the new level, and then to refreeze to the new level (Gill, 2020)

John Kotter’s Model of Change - Kotter’s eight steps include establishing a sense of urgency, forming a guiding plan or change coalition, creating a change vision, communicating that vision throughout the organization, empowering all within the organization to act on the new vision, setting up and planning short-term goals or wins, consolidating change improvements, and lastly, institutionalizing or solidifying the new approaches (Kotter, 1999).
Integration Strategy

Hosani et al. (2020) explained that employee alienation can occur during integration.

Kets de Vries (2015) outlined that a major challenge for organizational leaders is to get everyone throughout the company to have the same strategy.

Motivational Theories

**Theories X and Y** - Theory X assumes that workers tend to avoid work, while theory Y assumes that workers are more dynamic when they perceive work as natural (Ďuricová & Sugereková, 2017).

**Herzberg’s Two-Factor Theory** - Herzberg’s explains that employees are better motivated, and productivity increases when employees have good working conditions, high pay, and job security (Hur, 2018).
Design and Method

Flexible Case Study Design
- Robson and McCartan (2016) explained that flexible designs can adapt as research evolves.
- Yin (2018) explained that case studies are utilized when a researcher attempts to study a phenomenon within the bounds of a real-life, contemporary context, or setting.

Qualitative Method
- Qualitative research approaches the research process from a perspective that the answer may be different than what was previously learned (Creswell, 2016).
Population and Sampling

- **Sample population criteria** – Participants must have worked for a small independent publisher before it was acquired. Participants must have also continued to work for the international firm after their firm was acquired and integrated.

  - Sample should closely approximate the characteristics of the entire population (Knechel, 2019)

  - Purposeful Sampling - Strategically sampling a group of people that might give the researcher the best information pertaining to the research problem being examined (Creswell & Poth, 2018)
Qualitative data collection, management, and analysis can be extremely challenging for early career researchers and doctoral students (Cypress, 2018).

**Data Collection Method** - one-on-one interviews with a sample size of sixteen participants, or until data saturation is reached, that have all worked for firms that were acquired and integrated by an international firm.

- The interviews were conducted online instead of in-person due to the current Covid 19 pandemic. The researcher utilized the Zoom platform for the interviews.
- The interviews were conducted with open-ended questions so participants could provide historical information.
- The researcher encouraged an open exchange including follow-up questions.
- Participants were fully informed as to the purpose of the study and understood that their accounts would be utilized in the research (Creswell & Poth, 2018; Cypress, 2018)
- A research consent form was filled out by each participant to ensure their understanding of the purpose behind the interviews and to ensure confidentiality.
Data Organization

- Before interviews were conducted, each participant was given a unique code.
- Elements of the interviews, such as date, start time, end time, location, and medium used for the interview were also recorded.
- Once interviews were completed, the researcher transcribed the interviews into a word document with each line numbered to begin the process of organizing the information gleaned.
- The organization of data was completed by assigning additional codes and organizing themes that represented the data collected in the interview process.
  - Creswell (2016) explained that coding is making sense of data that is transcribed from an interview.
  - Alam (2020) described coding as an intermediate process that occurs after data collection and before data analysis can begin.
- For this study, the software NVivo was used to code the data.
  - The use of a qualitative software to help code and analyze data can reduce the time spent on the process (Alam, 2020).
Presentation of the Findings

Data saturation was achieved after the thirteenth interview. No new data was gained from participants 14 through 16.
Presentation of the Findings

Apparent Themes

Nashville’s Family-style Business Culture

The culture of the Nashville music publishing market is service-oriented towards the cultivation of songwriters at the small mom-and-pop companies.

* All participants preferred the family style culture that is common in the Nashville market. All preferred the small house environment.
Participant two described the independents in the Nashville music publishing market as “everybody pulls for each other even though they are still competitors” (personal communication, March 23, 2021).

The theme confirmed Baker’s (2016) designation of Nashville as a creative business cluster and Romanova’s (2019) description of creative business clusters as workers and firms working together within a market for mutual benefit even though they are competitors.
Presentation of the Findings

Apparent Themes

International Firm’s Business Culture

The culture of international firms are less service oriented and focused primarily on the bottom line.

* - International firms were described as sterile, corporate work environments that cared only about awards and profit.
Presentation of the Findings

Apparent Themes

International Firm’s Business Culture

continued

Participant 2 described the culture as “me, myself, and I”, which directly opposes his description of independent local firms as having “camaraderie” (personal communication, March 23, 2021).

Participant 9 described the international culture as “more like a formula and not the usual culture of Nashville where workers eat together, drink coffee together, talk about life, and care about each other’s families” (Participant 9, personal communication, April 13, 2021).

There was no “hanging out together at the coffee pot” (Participant 16, personal communication, April, 29, 2021).
Presentation of the Findings

Apparent Themes

International Firm’s Business Culture continued

The reason for most international acquisitions is to increase market share and profit (Dandapani et al., 2020).

The reason for the rise in acquisition in the Nashville market is the rise of streaming revenue (Towse, 2017).
Presentation of the Findings

Apparent Themes

Anxiety and Stress

The experience of being acquired creates anxiety and stress that may affect job satisfaction and productivity (Nilson et al. (2019)).

* Most participants described the feeling of being alone in their career success and losing the daily interaction and cultivation of the smaller firm, which cause anxiety and stress
Participant 11 expressed that his anxiety stemmed from feeling like the management at the international firm did not have confidence in him, and he did not have confidence that they had any keys to his personal success (personal communication, April 15, 2021).

Participant fourteen described being “anxiety ridden” and concerned about what would happen after the integration (personal communication, April 22, 2021).

Participant 15 explained that his day-to-day point person did not survive the integration process; therefore, the person that he felt believed in him the most was no longer at the company (personal communication, April 28, 2021).
Presentation of the Findings

Apparent Themes

Consideration of Emotions

International firm leaders that considered the emotions of employees throughout the process were more successful.

* - With the exception of participants 7 & 12, all described their firms as having little or no integration strategies to help employees with the transition
Consideration of Emotions

Kumar et al. (2018) shared that employees that feel that their organization values them, has their interests in mind, and gives them opportunities to further develop their skills will be more satisfied, motivated, and loyal.

Philips and Gully (2014) explained that employee emotional considerations such as fairness, participation, and strong communication can help employees in the integration process.
Presentation of the Findings

Apparent Themes

Consideration of the Local Business Environment

International firm leaders that took the local business culture into account were more successful.

* - 14 of 16 participants perceived that international firms were only concerned with the bottom line and had no interest in participating in the Nashville culture
Presentation of the Findings

Apparent Themes

Consideration of the Local Business Environment

In direct correlation with Azam et al. (2020), leaders that considered how the market conducts business and tried to adapt their internal company environment to suit the market found more success.

Participant one recalled his international firm’s total absence of concern for Nashville’s culture saying, “they expected us to adapt to their culture” (personal communication, March 21, 2021).
Presentation of the Findings

Apparent Themes

Management Integration

International firms that brought the small organization’s management into the new firm helped to enhance an acquired worker’s job satisfaction and productivity.

Of the four participants that had their managers survive integration, anxiety and stress were eased.
Colman (2020) explained that target managers play a critical role in the success of an international acquisition.

Participant 15 described losing what he called his “pot banger” when his day-to-day point person did not make the transition to the new firm (personal communication, April 28, 2021).
Presentation of the Findings

Apparent Themes

Preference for Small Company Environment
(all but two participants)

Employees were more satisfied at smaller companies.

Participant three explained he liked the small house over the corporate office building, which created a decrease in his job satisfaction (personal communication, March 23, 2021).
Presentation of the Findings

Apparent Themes

Preference for Small Company Environment

This theme confirmed Gamble et al. (2019) and Chelsey’s (2020) explanation that organizational culture can influence the success or failure of a merger or acquisition. The traditional culture of the Nashville market was a significant factor in worker’s view of the success of the acquisition and integration.
Presentation of the Findings

Apparent Themes

Decrease in Job Satisfaction
(14 of 16 participants)
Workers were less satisfied working for the international firm as opposed to their original independent firm.

* - due to loss of family atmosphere, loss of point person/cultivation, loss of daily interaction with management
Presentation of the Findings
Apparent Themes

Decay in Job Satisfaction
(14 of 16 participants)

Needs deficiencies can be a detriment to job satisfaction (Hur, 2018).

Worker's job satisfaction declined due to the more rigid structure of command and not being able to socialize and daily interact with their management staff (Participant four, personal communication, March 24, 2021).

Songwriters did not feel like a priority to the international firm’s management team (Participant 10, personal communication, April 15, 2021).
Presentation of the Findings

Apparent Themes

Increase in Productivity

Workers were individually more productive working for the international firm as opposed to their original independent firm.

* - The finding was unexpected and was due to fear of job loss and a perception of increased opportunities
Presentation of the Findings

Apparent Themes

Increase in Productivity

Hur (2018) outlined that job satisfaction is a major contributor to an increase in productivity. Hur’s (2018) findings were not the case in this study.

Probst et al. (2007) explained that in some cases productivity and performance can increase in employees when there is job uncertainty.

Employees will work harder due to the extrinsic motivator of job loss (Koen et al., 2020).
Presentation of the Findings

Apparent Themes

Outlier

Participant 12’s firm was acquired. He experienced the extrinsic motivation of being made CEO of the local branch of the international firm. He was also asked to bring his successful small company culture to the local office of the international firm.

Participant 7 benefited.
Presentation of the Findings

Apparent Themes

Outlier

“Everywhere else, music publishing is transactional, but in Nashville, business is relationship-based” (Participant 12, personal communication, April 19, 2021).
Presentation of the Findings

Relation to Problem Statement

Problem - Integration resistance associated with the acquisition of small independent companies by international firms

The study showed integration resistance as King et al. (2020) and Charoensukmongkol (2016) described, such as uncertainty, stress and fear of job loss.

Job satisfaction decreased in 14 out of 16 participants.

The preference for working at a small independent firm and the culture associated with the experience also caused integration resistance from all participants that were required to adapt to the international firm’s culture.

Productivity was not as prominent of a factor in integration resistance due to most participants experiencing increased productivity.

Productivity increases were due to positive and negative reasons.
- The positive reason was the increase in opportunities that employees experienced.
- The negative reason was the fear of losing the job.

Participants worked harder but were not satisfied.
Presentation of the Findings

Relation to Prior Studies

- Participants confirmed Baker’s (2016) assessment of Nashville as a creative business cluster.

- All participants explained the camaraderie and participative nature of the market. This camaraderie is similar to what Romanova et al. (2019) described as a characteristic of a business cluster due to the mutually beneficial cooperation of business entities.

- Confirmed the literature that change within an organization is almost always met with resistance (Mello, 2019). The uncertainty and resistance to change caused all but two participants to have anxiety and stress related to the experience.
Presentation of the Findings

Relation to Prior Studies – continued

- Takhtehkar and Rademakers (2020) expressed that most failures occur during the integration phase post-acquisition. In this study, only three participants have remained with the international company more than a year after the acquisition due to decreased job satisfaction.

- Azam et al. (2020) explained that management teams play an integral role in international acquisitions. In the instances where participants had their manager or point person join them at the international firm, the participants experienced less of a decrease in job satisfaction. This theme coincided with Colman’s (2020) research that showed that target managers play a critical role in the success of integration that acquiring managers may not understand or identify.
Presentation of the Findings

Relation to Prior Studies – continued

- Chelsey (2020) explained that regardless of why an acquisition occurs, success or failure can be predicted by looking at an acquiring company’s organizational culture. Culture played a prominent role in each participant’s account. International firms expecting acquired Nashville workers to adapt to their company’s corporate style were unsuccessful in quelling their employees’ loss of job satisfaction.

- Motivation is a critical topic in the world of business management and plays a significant role in job satisfaction and productivity (Ouakouak et al., 2020). The theme was of particular interest in this study. Employees experienced a feeling of anxiety, fear, and mistrust of the acquiring firm. These feelings adversely affected job satisfaction in all participants that lost their small company environment.
On the topic of motivation, a theme that was uncovered that did not coincide with most of the literature was that productivity increased in most participants instead of the expected decrease in productivity.

The productivity increases were due to two factors.
- 1. opportunities that the international firm provided for working in other markets around the world.
- 2. The fear of losing the job. Employees felt that they had to work harder to be noticed and to keep their jobs due to the feeling of being alone in their path to success.

The literature on the topic was re-examined and Probst et al. (2007) and Koen et al. (2020) had previously explored this phenomenon and found that in some cases productivity and performance may increase in employees when there is job uncertainty due to the extrinsic motivator of job loss.
Presentation of the Findings

Updated Conceptual Framework

International Acquisition of Nashville Music Publishers

Case Study

Organizational Culture

Change Implementation

Integration Strategy

Theories X & Y

Herzberg’s Theory

Lewin’s Change Model

Kotter’s Change Model

Job Satisfaction

Productivity

Decreased

- Small Company Preference
- Loss of Point Person

- No Integration Strategy

Increased

- Increased Opportunities
- Fear of Job Loss
Potential Application Strategies

1. Locating the local branch of the international firm in a traditional boutique house setting as opposed to a sterile office building

2. Bringing some of the management team of the small firm into the international organization

3. Human resource initiatives focused on cultivating and serving employees

4. Make sure that the perceived opportunities of being with an international firm are made a reality for acquired employees
Recommendations for Future Study

1. A study of the international firms and their management to determine if acquisitions within the Nashville market are achieving the desired goals.

2. A study of the changes in Nashville music publishing culture due to increased international acquisitions.
   (Cottineau and Arcaute (2020) explained that when large organizations attempt to enter a market and take advantage of a cluster, the entry may jeopardize the benefits of the clustering for smaller organizations)

3. A study on the life cycle of Nashville’s creative business cluster.
   Denney et al. (2020) explained that creative clusters have a life-cycle with a beginning and an end.
Conclusion
References


References
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