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# IMPACT OF CROSSCULTURAL BARRIERS STAKEHOLDER DYNAMICS AND CULTURAL COMPATIBILITY ON ORGANIZATIONAL INTEGRATION AND PERFORMANCE IN POST-MERGER ORGANIZATIONS IN OMAN

Ahmed Al-Abid Alsharqi Al-Harsoosi (Ph.D)

Construction and Project Management

Dunster Business School

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***Abstract:*** **Mergers and acquisitions have now become an essential strategic tool for organizational growth, consolidation, and competitiveness, especially in emerging economies such as Oman. The current study was conducted to investigate the impact of cross-cultural barriers, stakeholder dynamics, and cultural compatibility on organizational integration and performance in post-mergers and acquisitions, with special reference to stakeholder dynamics. A quantitative approach was followed for this study, and primary data were collected from 500 employees and managers of merged organizations through a structured questionnaire with five points on the Likert scale. Descriptive statistics, Pearson's correlation, regression, and ANOVA were employed for data analysis. The study found a significant and positive correlation between stakeholder dynamics and organizational performance, with $r = 0.691$ and $p < 0.01$, indicating that stakeholder dynamics explained 48 percent of the variation in organizational performance outcomes ($R^2 = 0.48$). In addition, the study found that organizations with high stakeholder engagement performed better than those with low stakeholder engagement. This study concludes that stakeholder management, which involves transparency, trust, and mutual expectations, is a significant success factor for mergers in Oman.**

***Keywords:*** **Cross Cultural Barriers, Stakeholder Dynamics, Cultural Compatibility, Organizational Integration, Organizational Performance, Post-Merger, Oman.**

## 1. INTRODUCTION

Mergers and acquisitions have over time started to emerge as an important tool for organizational growth, consolidation, and competitiveness in Oman, particularly in line with the economic transformation of the country. Recent developments in banking, telecom, and logistics sectors can be cited as important instances of mergers and acquisitions in the country (Frantz, 2014). For example, consolidation activities undertaken by Bank Sohar and HSBC Bank Oman, as well as restructuring activities undertaken by organizations like Ooredoo Oman, can be cited as important instances of mergers undertaken by organizations in the country (Al-Muharrami, 2019). These instances, however, also indicate that success in strategic objectives is not entirely dependent on financial or structural synergies; rather, organizations face significant challenges in successfully integrating different organizational cultures, leadership styles, and stakeholder expectations (Caniago, 2024).

These practical experiences thus underscore the fact that the success of mergers in Oman is largely affected by the factors of cross-cultural barriers, stakeholder factors, and cultural compatibility. For instance, communication styles, work ethics, and leadership styles sometimes lead to cultural resistance on the part of the employees, thus delaying the process of integration (Memon, 2014). Additionally, the high impact of the stakeholder factors, such as regulatory authorities and government agencies, makes the process more complicated in the sense that the rate and manner in which the integration process is to be carried out will be affected. However, the study aims to explore the manner in which the aforementioned factors affect the process of integration in the context of the post-merger organizations in Oman (Muchiri, 2017).

**Objective of Study:** To analyze the influence of stakeholder dynamics on organizational performance post-merger within the Omani context.

## 2. REVIEW OF LITERATURE

**Kato and Schoenberg, 2014** examined the effects of post-merger combination on customer-supplier relationships in their study. Consequently, the examination of mergers expanded to encompass the context of external organisational impediments. The findings of their study article indicate that alterations in governance organisations, procurement systems, and systems implicated in integration likely to destabilise the existing relational norms between firms and their suppliers.

**Jain and Ramesh (2015)** examined the importance of contextual and cultural factors on integration outcomes to comprehend the development of shared technology platforms post-merger. The findings of their studies revealed that the integration of technology constitutes not merely a technical obstacle, but also a crucial element of organisational routines, management coordination, and workforce cultural compatibility.

**Schmeidl (2019)** analysed stakeholder struggle during mergers & acquisitions, emphasising the post-merger integration phase as a conflict management strategy. The research findings revealed that integration will result in an increase in conflicts among stakeholders due to differing expectations, diverse objectives, and unequal power distribution.

**Thorwid and Vinge (2020)** performed a comparative analysis of the organisational culture of two entrepreneurial entities following their successful acquisition integrations. The case study demonstrated that disputes about autonomy, decision-making power, and risk orientation significantly influenced the outcome of the integration process.

**Hypothesis of Study**

- **$H_0$:** Stakeholder dynamics do not significantly influence organizational performance post-merger in Oman.
- **$H_1$:** Stakeholder dynamics significantly influence organizational performance post-merger in Oman.

## 3. RESEARCH METHODOLOGY

The current research employed a structured and empirical research methodology to explore the hypothesis of the research. The study design was both descriptive and analytical whereby it sought to include the perceptions of the respondents and the statistical relationships among the study variables. The major methodology that was used was quantitative with structured data collection and statistical analysis to produce objectivity, reliability, and generalizability of the results.

The research was founded on primary data gathered using a well-constructed questionnaire to employees and managers of merged organizations functioning in different sectors in Oman. The sample size was 500 respondents, which provided sufficient representation of the sample in demographic variables: ‘‘gender, age, job level, industry, tenure, nationality, and merger experience’’. Purposive sampling was used as the sampling method because it was aimed at people with first-hand experience over merger processes and organizational integration. To assess the perceptions of respondents toward the stakeholder dynamics and organizational performance, the questionnaire was designed in the form of a five-point Likert scale.

To analyze the data, descriptive and inferential statistics were used. Demographic characteristics and general patterns of responses were summarized through descriptive analysis. Simple linear regression was used to test the predictive power of variables and Pearson correlation analysis to test the strength and direction of relationships and ANOVA to test differences across groups in inferential statistics. To achieve consistency and strength of the results, these statistical tools were computed with the help of the performance of adequate software.

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## 4. RESULTS

### a) Demographic Profile of Respondents

| Variable | Sub-Construct | Frequency |
|---|---|---|
| Gender | Male | 310 |
| | Female | 190 |
| Age | 21–30 years | 92 |
| | 31–40 years | 178 |
| | 41–50 years | 152 |
| | Above 50 years | 78 |
| Job Level | Senior Management | 68 |
| | Middle Management | 172 |
| | Supervisory Level | 110 |
| | Operational Employees | 150 |
| Industry | Banking & Finance | 124 |
| | Telecommunications | 86 |
| | Logistics | 74 |
| | Energy & Utilities | 96 |
| | Manufacturing & Others | 120 |
| Tenure | Less than 3 years | 98 |
| | 3–6 years | 174 |
| | 7–10 years | 142 |
| | Above 10 years | 86 |
| Nationality | Omani | 312 |
| | Expatriate | 188 |
| Merger Experience | First merger | 298 |
| | Multiple mergers | 202 |

### b) Descriptive Analysis

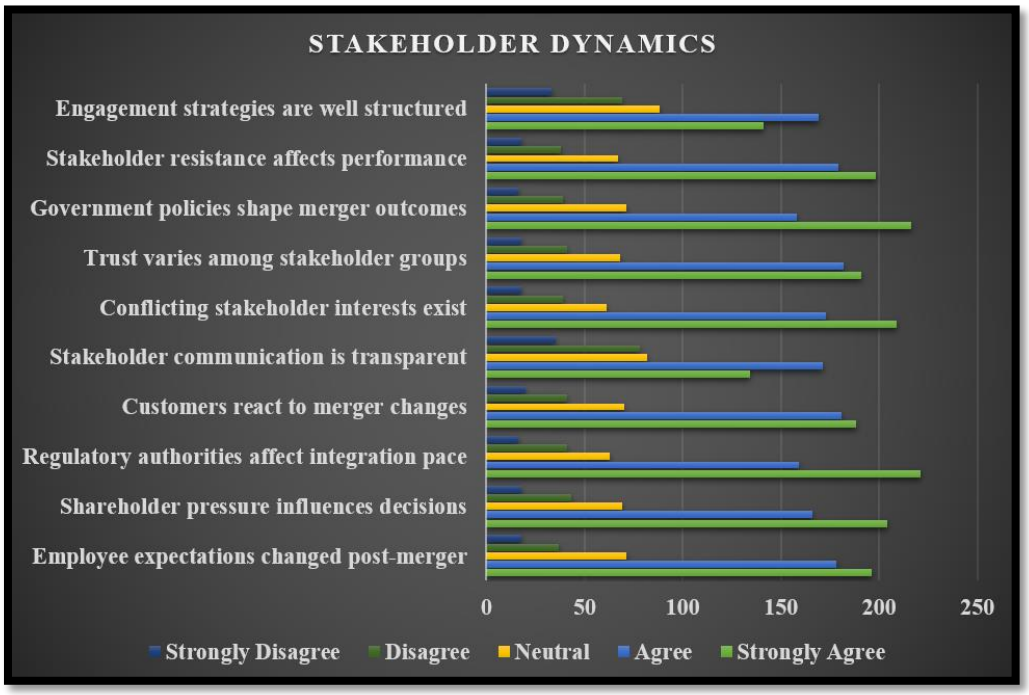



**Figure 1: Responses for Stakeholder Dynamics**

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**c) Interpretation with Respect to Objectives**

**Correlation Analysis**

To examine the strength and direction of the relationship between stakeholder dynamics and organizational performance, Pearson's correlation analysis was conducted.

**Table 1: Correlation between Stakeholder Dynamics and Organizational Performance**

| Variables | Stakeholder Dynamics | Organizational Performance |
|---|---|---|
| Stakeholder Dynamics | 1 | 0.691** |
| Organizational Performance | 0.691** | 1 |

Note: ** Correlation is significant at the 0.01 level (2-tailed)

**Interpretation**

The correlation coefficient (r = 0.691) indicates a strong and statistically significant positive relationship between stakeholder dynamics and organizational performance. This finding suggests that effective stakeholder engagement—characterized by transparent communication, trust-building, and alignment of stakeholder expectations - positively contributes to improved post-merger performance outcomes.

In the Omani context, where organizations operate within a regulatory-intensive and relationship-oriented environment, stakeholder dynamics play a particularly influential role. The strong positive correlation highlights that organizational performance following mergers is closely linked to how well the interests and concerns of employees, management, shareholders, customers, and regulatory authorities are managed.

**Regression Analysis**

To further assess the predictive influence of stakeholder dynamics on organizational performance, a simple linear regression investigation was conducted.

**Table 2: Regression Results – Effect of Stakeholder Dynamics on Organizational Performance**

| Predictor | Unstandardized β | Standardized β | t-value | Sig. |
|---|---|---|---|---|
| Constant | 2.874 | - | 6.29 | 0.000 |
| Stakeholder Dynamics | 0.581 | 0.58 | 12.41 | 0.000 |
| **$R^2$** | **0.48** | | | |
| **F-value** | **308.10** | | | **0.000** |

**Interpretation**

The regression results demonstrate that stakeholder dynamics are a statistically significant predictor of organizational performance ($\beta = 0.58$, $p < 0.01$). The positive standardized beta coefficient confirms that improvements in stakeholder engagement practices lead to enhanced performance outcomes, including productivity, efficiency, employee retention, and customer satisfaction.

The $R^2$ value of 0.48 indicates that 48% of the variance in organizational performance is explained by stakeholder dynamics alone. This high explanatory power underscores the central role of stakeholder management in determining post-merger success. The significant F-value further confirms the robustness and overall validity of the regression model.

These findings suggest that organizations that proactively manage stakeholder expectations and maintain trust throughout the merger process are more likely to achieve superior performance outcomes.

**ANOVA Analysis**

ANOVA was conducted to examine whether organizational performance significantly differs across varying levels of stakeholder dynamics (low, moderate, and high).

**Table 3: ANOVA: Organizational Performance across Levels of Stakeholder Dynamics**

| Source of Variation | Sum of Squares | df | Mean Square | F-value | Sig. |
|---|---|---|---|---|---|
| Between Groups | 674.20 | 2 | 337.10 | 11.24 | 0.000 |
| Within Groups | 14,891.80 | 497 | 29.96 | | |
| Total | 15,566.00 | 499 | | | |

**Interpretation**

The ANOVA results reveal a statistically noteworthy difference in organizational performance across different levels of stakeholder dynamics ($F = 11.24$, $p < 0.01$). Organizations characterized by high levels of stakeholder engagement demonstrated significantly better performance compared to those with moderate or low stakeholder engagement.

This result indicates that stakeholder dynamics do not merely influence performance marginally but create measurable differences in post-merger outcomes, 'reinforcing the strategic importance of stakeholder-oriented integration approaches".

## 5. DISCUSSION

The findings of this research clearly show that, the stakeholder dynamics is a critical as well as statistically significant factor in determining the organizational performance in post-merger situations in Oman as indicated by the strong positive correlation, significant regression results and the results of ANOVA. The descriptive analysis demonstrated that the respondents were broadly aware of the role of various stakeholders who include employees, shareholders, customers, regulatory authorities, and government bodies, and that mergers are an aspect of a complex stakeholder environment and not internal organizational procedures. The high correlative value ($r = 0.691$) shows that effective stakeholder engagement, which is also associated with transparency, trust, and alignment of expectation, is directly related with better performance outcomes, i.e. productivity, efficiency, and customer satisfaction. The findings in the regression ($\beta = 0.58$, $R^2 = 0.48$) also support this relationship as it states that the stakeholder dynamics can be modelled, and almost half of the variation in the organizational performance is predicted, which highlights the strategic significance of the matter. The results of the ANOVA demonstrate that high stakeholder engagement results in higher performance of organizations in comparison to low stakeholder engagement, which implies that stakeholder management does not produce the marginal effects on post-merger outcomes, but significant ones instead. Nevertheless, the fact that there have been mixed responses to stakeholder communication and engagement strategies indicates that stakeholders are perceived to be influential but still organizations do not always establish these relations on a systematic basis hence resulting in possible misalignment and opposition.

## 6. CONCLUSION

The study concluded that the dynamics of stakeholders play an important role in determining organizational performance in post-merger organizations in Oman, thereby highlighting how organizational performance post-mergers is indeed more than just financial and structural integration. The study has shown how better engagement with stakeholders, as measured by transparency, trust, and congruence of expectations among all relevant parties such as employees, management, shareholders, customers, and regulatory bodies, has a positive impact on organizational performance outcomes such as productivity, efficiency, and organizational stability. The results of this study, based on strong empirical evidence, show how stakeholder dynamics do not only influence but actually determine post-merger performance, with better levels of engagement with stakeholders resulting in better performance outcomes. The research concluded that the dynamics of stakeholders played an important role in the determination of organizational performance in post-merger organizations in Oman, which has further emphasized the fact that organizational performance in post-mergers in Oman is more than just financial and structural integration.

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