

DEVELOPING RELATIONSHIPS AND WORKPLACE ACHIEVEMENT



SAUDI ARAMCO [SAUDI ARABIA] ACQUISITION OF VALVOLINE [US]

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أرامكو السعودية
saudi aramco



Introduction

أرامكو السعودية
saudi aramco



- ▶ Saudi Aramco, also known as Aramco, operates in Saudi Arabia
- ▶ As the second-largest oil producer, Aramco boasts of being established and stable in the industry, which has directly contributed to its growth and expansion across the world.
- ▶ The organisation began operating in 1933 and has a \$1.933 trillion market cap as of February 2023
- ▶ The firm has managed to have more than 66,000 employees since its inception
- ▶ Valvoline Inc. is located in the United States, with its headquarters in Kentucky
- ▶ The firm was founded in 1866, making it among the oldest organisations in the oil and gas industry.
- ▶ Valvoline has 22% market shares in the US as of 2018
- ▶ Valvoline Inc. has almost 9,000 employees



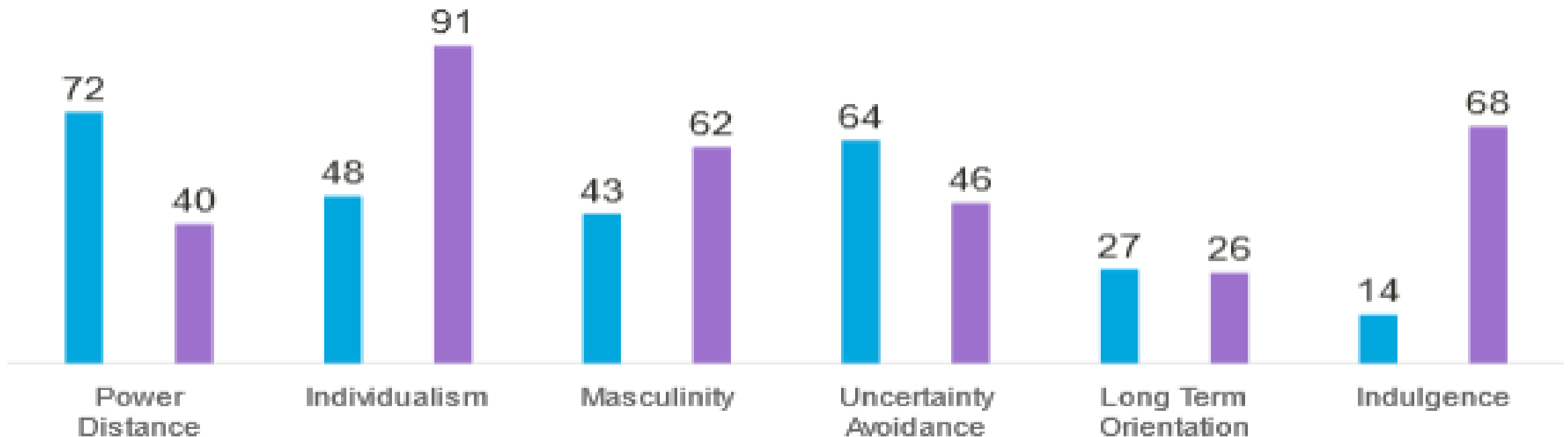
Impact of Culture on Organizational Life

- Culture dictates the behavior, perception, attitude and values that a firm develops internally
 - The HRM formulates policies based on the accepted culture
- The relationship between the management team and employees is highly dependent on the acceptable culture
- Culture affects the formal and informal structures and relations amongst employees
 - Culture affects the identity

Section 1: Part 1 Cultural Analysis of Saudi Arabia and the US using Hofstede model

Saudi Arabia* ×

United States ×



Section 1: Part 2 Institutional analysis of Saudi Arabia and the US

Institutional and Cultural Similarities in HRM practices between Saudi Arabia and the U.S.

HRM cultural and institutional practices in Saudi Arabia and the U.S. are mostly similar in their role and responsibility towards their staff members. They include:

- ❑ In charge of the hiring and firing process
- ❑ Directly involved in training and development of staffs
- ❑ Formulation of performance-based compensation schedules'
- ❑ Influencing and formulating a conducive workplace environment

Institutional and Cultural Differences in HRM practices between Saudi Arabia and the U.S.

Major differences between the HRM practices in both countries include:

Saudi Arabia unique HRM practices

- a. The Saudi Arabia HRM controls social media usage amongst employees
- b. The HRM trains staffs on the Saudi Arabian workplace environment concept
- c. Offers psychological counseling to staffs

US Unique HRM practices

- a. Solves conflicts
- b. Offers professional counseling to employees

Isomorphism theory

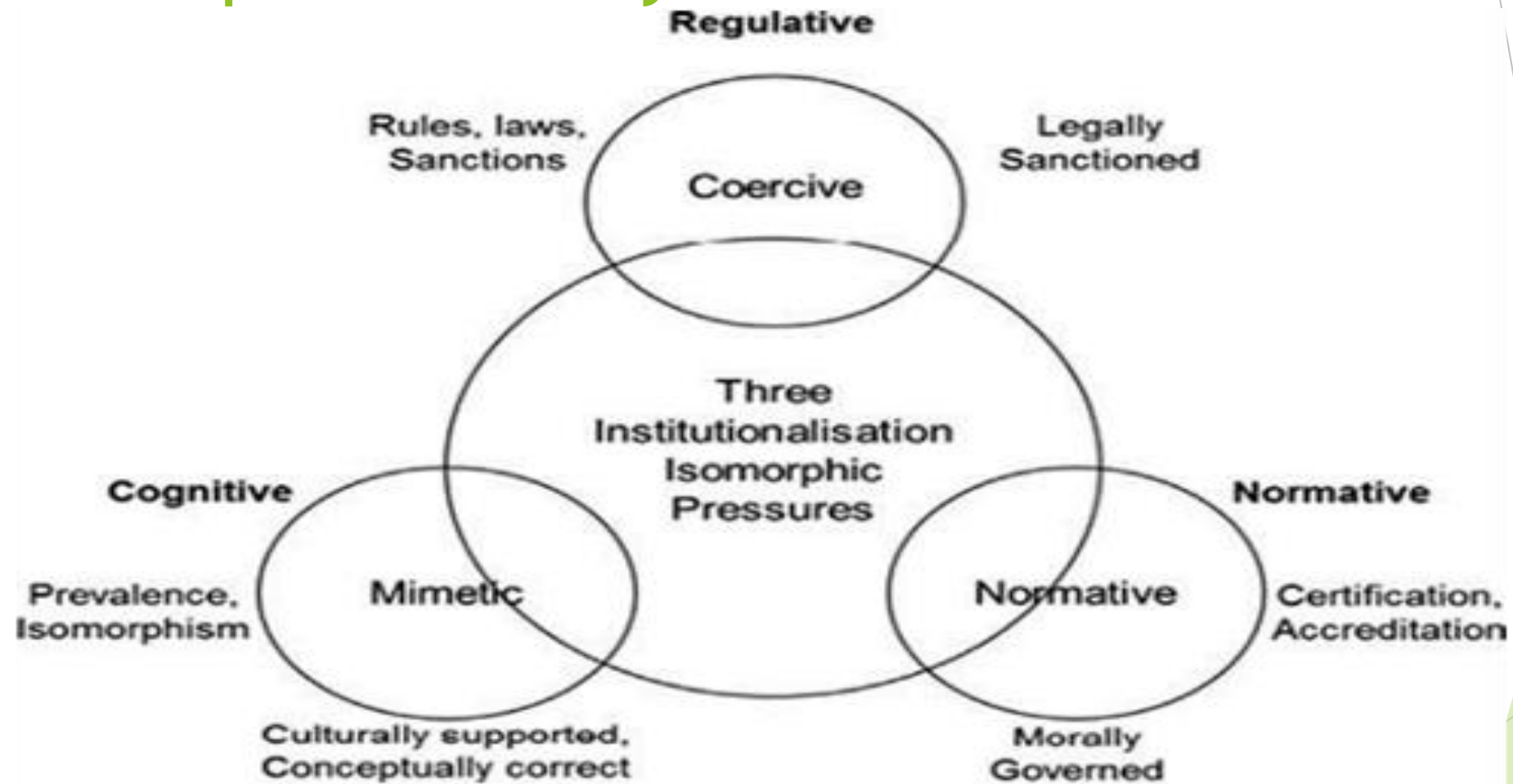


Figure 1: Theory of isomorphism

Source: Satirah Wan Mohd Saman and Haider (2013)

Section 2: M&A Rationale and Integration Strategy

Economic and Social Aspects in M & A



Economic Benefit

HRMS from Aramco and Valvoline to engage in n-depth discussions on the economic benefit of the merger and acquisition decision



HRM practices

Prioritize on the different HRM practices between both countries



Extensive consultation

Extensive consultations to be conducted to maximize benefits from an economic and social perspective

Economic aspects

- Expansion and growth strategy for the M&A decision
- Incorporate institutional formal and informal structures and decisions in the transition process
- Encourage active participation of employees as they communicate on the impending and actual changes in the workplace

Role of IHRM in Implementing M & A prior and after The Merger

- HRMs from both countries to engage in in-depth conversations about the actual changes that will take place in the organization
- Prioritize on job security matters for all staff members
- Highlight the specific roles and responsibilities for employees after the merger has been completed
- Communicate on the training and development of employees after the merger has taken place

RECOMMENDATIONS

- ❑ Actively involve employees in all discussions
- ❑ Formulate training and development plans for both countries
- ❑ Merge the organizational culture to a single approach and practice that is favorable to all persons
- ❑ Maintain open and functional communication before, during and after the transition process

CONCLUSION

- ❑ HRMS from Valvoline and Aramco to meet and discuss the impending changes, processes and practices that will be followed the M&A has ben completed
- ❑ Ensure staffs are trained and aware of the new roles and duties they have to play once the merger has been completed

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