Leading Change Management Projects in International Cross-Cultural Settings

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ABSTRACT

In an increasingly complex world for Multinational Companies, it is difficult for managers to keep a firm grasp over the global projects they are tasked to implement. Many of them lead teams operating across country borders, creating a need to increasingly take diverse national cultures into account in their operations. This extra dimension of International culture adds a layer of complexity that has been well studied in the past, though never in the context of Change Projects. This paper aims to look at how national cultural considerations should factor in when implementing discreet change projects in an organization.

The paper first lays out the historic work that has been carried out in cross-cultural organization research, to create a foundation for the definitions related to national culture. Then, using Kotter’s widely used framework for “Leading Change”, it examines how assumptions were initially built into the theory, and how cultural considerations can help to rectify implementation of this framework. Finally, the paper takes a look at how two comparable alliances - between Nissan and Renault and between Mitsubishi Motors Company and Daimler Chrysler – used distinct approaches to cultural understanding in the context of the Kotter framework. This paper reveals that in the case of the Renault-Nissan alliance, executives were sensitive to the Japanese culture and were successful at leveraging certain of its aspects to turn the company around. In the contrasting case, executives imposed DaimlerChrysler’s management principles to lead the turnaround. They disregarded many aspects such as the need for teamwork and reverence of hierarchy in the Japanese culture, and failed to generate buy-in from their counterparts.

Thanks to this analysis this paper concludes that National culture is a key element to take into account when implementing Change Projects across borders. In addition, this case comparison does show that it is not only possible to manage National cultural differences, but it is far more exciting and rewarding to leverage them. Although this is not a radical idea, it is at least comforting to witness this phenomenon in Change Projects as well.

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1. Introduction

The world of business has changed at an accelerated pace over the last twenty years. As companies in developed countries have competed fiercely for market shares in their home markets, they have saturated the demand there and established strong and stable consumer bases. In the 2000s, their efforts in these markets were largely focused on reducing costs, improving margins and creating leaner, more efficient and profitable "Cash cows". Much of these initiatives were emphasized by the financial crisis that followed after the subprime mortgage crisis, from 2007 to 2009. This mostly forced the few players who were not already knee-deep in cost reduction programs, to undertake these, in order to satisfy shareholder needs and to survive the economic downturn.

As domestic markets were starting to get saturated and recession endured, major players looked to international markets to fuel their need for growth. Pressured by investors to report growing top and bottom lines, companies saw significant opportunities to serve growing consumer needs in Emerging Markets, that were currently underserved by their local players, especially in terms of product quality. These customers are also being influenced by trends of globalization and are getting more and more sophisticated with their product purchases. Customers around the globe now want to purchase the world’s best products without leaving the comfort of their own home (Kanter, 1995). The Chinese and Indian markets became the most thought-after prizes with a colossal potential consumer base of 1.5 billion and 1 billion people respectively. In addition, the lower income level provided a strong argument for many of these foreign players to outsource their manufacturing in these markets during the cost reduction programs. Nowadays, the
increase in purchasing power in China as well as the shifting to a market and service-driven economy are increasingly attractive for large companies to penetrate this market and propose their goods and services. The numerous barriers to entry include Government regulations, competition with State-Operated Entities as well as managing to appeal to a culturally different consumer base. On the back end of this internationalization wave, Multi-National Companies (MNC) are now operating in unfamiliar environments with business conducts and rules that are extremely different from those of their home market, where they dominated. Not so surprisingly, these companies have been modeled through their vision, company culture and processes, to fit and thrive the environment where they originated. Studies show that home culture has predictable, significant effects on the decision-making of executives in new business environments (Tse, 1988). More often than not, these companies have to adapt to their new environment, as their operating model is not fit for these localities.

This paper will examine the literature that has been written in Cross-Cultural management from the perspective of International culture, and adapt it to the context of Change Management. First, it will explore and define the concepts of cross-cultural management in companies through the historical studies published on the subject. The following part will explore how Kotter’s historic framework for Leading Change should be interpreted in a Globalized company, and the perceptions that should be further examined to set projects up for success. Finally, the paper will take a look at two very similar projects who were lead with extremely different approaches with regards to cultural considerations: The Renault-Nissan and the Mitsubishi Motors Corporation-Daimler Chrysler alliances. We will examine
these two projects through the double lens of Kotter’s Framework and adequate cross-cultural considerations.

1.1. The difficulties of leading change Projects

One area of difficulty for MNCs is to implement large, cross-border, change management projects. First, one definition of Change Projects which can be adopted until the end of this paper is “any intentional change in the way the organization does business that affects the strategic position of the organization vis-à-vis its competition” (Smith, 2002). Many types of Projects can fit under this “umbrella” definition of Change Projects. Despite strong variations between these all of the types of Change Projects and their success rates, most of the literature claims that roughly 70% of them fail overall (Smith, 2002). From these figures, it seems like these isolated and discreet projects are hard enough to implement for companies operating within a single country's borders. The fact that these projects are often punctual (though not necessarily short-term) is challenging by construction, as teams are often put together as tasks forces, meant to collaborate, drive and lead change often without any prior experience working together. In order for these teams to hope to be successful, it is crucial for them to implement the right processes, means of communication and structures. This is only truer when these projects are taking place across national boundaries.

1.2. Leading Change across boundaries

There are a number of additional challenges to overcome when a task force is set up to lead a change project in multiple countries. First of all, by nature, the team is more likely to be a
virtual and distributed one. This can lead to issues around communication problems. Secondly, the teams are most likely to be comprised of members from different cultures and backgrounds. In this paper, the issues around cultural differences during Change Management projects will be examined, to figure out where issues could arise.

1.3. Spheres of Influence

First of all, it is important to acknowledge several facts about culture within organizations. This topic can be examined under several different axes or “spheres of influence” (Schneider, 2003). These spheres interact in complex ways within companies. There are different cultures and sub-cultures, which arise from the interactions of these spheres at different levels. Schneider argues that the most important part is to understand which of these dimensions of culture are relevant at any given time. She breaks them down into National/Regional sphere, Industry sphere, Professional, Functional and Company. To make this clear, cultures can differ within organizations’ departments for example. It is easy to find areas of companies such as Marketing and R&D, which often do not see eye-to-eye because of deeply rooted cultural differences regarding the purpose of their functions. Another cultural sphere can be the industry wide. For example, it is not a large stretch of the imagination to acknowledge that within the same country, people working in the marketing department of a utility company, may not conduct business the same way that marketing people at a global consumer good company. In addition, crossing these two spheres together yields the fact that you would not expect someone working in the Finance function of a Oil & Gas Company and someone working in Sales at an automotive company to conduct business in the same way, even if they are citizens in the same country. It is thus
extremely important to understand that it is almost impossible to make generalizations about the business culture of a nation, given that there are many other factors that influence it. It is beyond the scope of this paper to analyze how each one of these spheres can impact a Change Project. Instead, only elements of the National/Regional sphere of influence will be examined when discussing potential implications in change projects. The author does recognize the importance and critical nature of also understanding the other spheres of influence in order to get a full assessment of the cultural implications.

Exhibit 1: The Six Spheres of Influence

1.4. The Hofstede Model

Some research has been conducted to characterize aspects of company cultures across country frontiers, in order to gain deeper insights into Cultural patterns. Geert Hofstede, surveyed company executives' behaviors and classified their actions along 4 dimensions
(Hofstede, 1980). He was able to determine country specific patterns, which could lead to believe that despite the complicated nature of the interconnectedness of the cultural spheres, at least part of the business culture may be attributed to National culture. The dimensions he identified are as follow:

- Power Distance Index
- Individualism versus Collectivism
- Masculinity versus Femininity
- Uncertainty Avoidance Index

These findings come with a disclaimer as the research was aggregated to produce averages for countries. Just like any other random distribution where parameters are normally distributed around a mean in a bell shaped curve, there are always outliers. Accordingly when a company may be headquartered in a specific country, it could potentially have a business culture that echoes much better the business culture of a completely different country than that of its peers. Furthermore, when tying this back to the previous conversation about spheres of influence, some companies may exhibit much more of a sector specific culture than a “national culture” for example. For example, a British and an American Investment banks may have much more similar cultures than Pharmaceuticals and a High tech American companies.

1.5. Culture as a dynamic, complex mechanism

Culture within a group can be defined according to Ed Schein as “its accumulated learning, and, if the group builds up a history, the beliefs, values, and norms by which it has operated become taken for granted and can be thought of as shared assumptions that become tacit
and non-negotiable (Schein, 2003). From this definition, it seems that culture is the resulting force of whatever challenge a group has faced and the resulting behaviors that have helped this group overcome that challenge. It is then easy to understand that different departments in an organization will have extremely different cultures, based on the underlying issues that they have been faced with in the past. While the Finance department of a company is faced with the challenge of showing the best numbers regarding return on investment of a company’s projects, the R&D department is supposed to continuously find new ideas and products or services to propose to clients. Given these different objectives, the Finance department will strongly stress frugality and will only accept to invest in projects that have a high potential for profitability. On the other hand, the R&D department will be eager to spend investment on multiple projects with the hope of creating some "home-runs" which will generate long-term sales.

These same differences can be seen within the National level of the cultural sphere. Depending on the economic environment of different countries, companies that evolve in those spaces will develop very different cultures. For example, an established fast moving consumer goods company based in China will often have had to deal with hurdles such as government regulations, finding the right type of connections and investors to support its business and catering to a consumer base that needs to trust in the company before making purchases. On the other hand, a similar type of company established in America will have had to deal with extremely tough competition from multiple players, to offer the most easy to buy product for a customer who has a very low switching cost and low brand loyalty. As a result, the two companies will have developed very different sets of assumptions about
the way to run their businesses. Whether implicitly or explicitly, they will have developed a set of processes that have helped them be successful in the past. The result from this definition of culture is that organizations have developed, at least initially, the best culture to face their initial, local hurdles. In other words, local companies are always best equipped, from a cultural standpoint, to deal with their local markets. This raises the question of the best way for a company to enter a foreign market. It is clear from this discussion that companies need to localize their services and at least their local culture to best fit within the market they wish to enter. That being said, it is best for a company to realize that acquiring a local player and letting them run the operation may be the most straightforward way to ensure that the cultural fit will be strong on the ground, in the local entity.

Implicit within this definition is also the fact that a group's culture is a dynamic concept, which can be continually altered, depending on the challenges that the group faces. It is not enough to be aware that an organization has developed a particular culture, but it is also important to understand that this culture is constantly changing and evolving with respect to the pressures from the outside world. This raises the question of the fact that if two cultures are interacting, they might actually be mutually influencing each other by the simple fact that they acknowledge one another. In the words of Ed Schein: “The more culturally sophisticated person would know that when we engage in any kind of interaction with another person or group, whether in a consultant, friend, casual acquaintance or stranger role, we are in a dynamic mutual influence process which simultaneously reveals data to be interpreted and learned from and changes as a result of the interaction” (Schein,
This reveals the fact that there are subtleties in cultures that arise from their interactions with other cultures. This doesn’t have to be a completely implicit phenomenon either, as some people within a culture will develop assumptions very quickly about their counterparts in other cultures and develop ways to respond to them accordingly.

A third important notion embedded in Ed Schein’s definition is the fact that culture takes time to develop. This is extremely important when there is a need to create either a group or a company culture. In order for the shared assumptions to become tacit knowledge, actors need time to assimilate these notions such that they become second nature. Ultimately, this means that even if a corporation is doing everything right to try and create some sort of culture within a group, it will always take time for that culture to really take roots.

2. Model for Change management

In order to stay competitive against new comers or even to compete with their traditional competitors, companies have had to adapt their practices to become leaner, more efficient and more responsive to the markets they serve. Companies have implemented change management projects for decades in order to be more competitive. As these types of projects gained more importance, the literature on how to best implement them has grown. We have seen experts such as Kotter, Drucker and Porter emerge as the gurus of corporate strategy and implementation, proposing frameworks to analyze challenges.
In order to better understand how Change Management should take into account aspects of culture, we will use Kotter’s framework for implementing such projects, which he presented in “Leading Change”. The purpose of this work is not to criticize the Kotter’s framework, especially because independently of its validity, companies have used it for the last two decades. The widespread acceptance of this framework as the basis for implementation of any Change projects makes the critique almost futile. Furthermore, it is important to understand that the framework was developed in the early 1990’s, during a time when the largest companies were all American and still operated largely within US borders. This helps to justify the fact that most practices highlighted in the framework are implicitly targeted towards American business culture.

Instead of criticizing the framework, we will try to understand the cultural nuances that need to be taken into consideration at each step of the process. He brings up valid topics that need further exploration in how they related to business environments around the globe. Because there are cultural assumptions that are deeply rooted in the model which are prevalent to American business culture, it is crucial to understand how these adapt to cultures around the World. It is beyond the scope of this work to provide a “laundry list” of every cultural aspect and nuance that must be thought through at each step Kotter’s framework. Rather the point of this is to highlight some of these differences and what concepts are embedded at each step, to better relate it to local environments.
2.1. Presentation of the Framework

Kotter's framework for Leading Change (Kotter, 1996) has gained wide acceptance in the industry. Exhibit 1 serves a summary of the framework under a more visual format. The purpose of this section is to give a brief presentation of the framework.

2.1.1. Establishing a Sense of Urgency

Leading a transformation may require asking a number of people to provide a greater effort than they usually would and it is crucial to communicate the criticality of the situation, to convince them to contribute. If this sense of urgency is not shared across the company, then the project will eventually lose momentum and will not be carried out to completion.

To be successful in establishing a sense of urgency, it is important to minimize the sources that reinforce the level of complacency. For example, a few measures that would work would be cutting back on extra expenses for top managers, changing internal metrics to focus on the right areas where issues could arise, or rewarding employees for honest talks about real problems. Of course, if the project is set to happen in a time of crisis, then the level of urgency is brought up already throughout the firm, and there may be less resistance to changing business processes.
1. Establishing a Sense of Urgency
   - Examining the market and competitive realities
   - Identifying and discussing crises, potential crises, or major opportunities

2. Creating the Guiding Coalition
   - Putting together a group with enough power to lead the change
   - Getting the group to work together like a team

3. Developing a Vision and Strategy
   - Creating a vision to help direct the change effort
   - Developing strategies for achieving that vision

4. Communicating the Change Vision
   - Using every vehicle possible to constantly communicate the new vision and strategies
   - Having the guiding coalition role model the behavior expected of employees

5. Empowering Broad-Based Action
   - Getting rid of obstacles
   - Changing systems or structures that undermine the change vision
   - Encouraging risk taking and nontraditional ideas, activities and actions

6. Generating Short-Term Wins
   - Planning for visible improvements in performance, or “wins”
   - Creating those wins
   - Visibly recognizing and rewarding people who made the wins possible

7. Consolidating Gains and Producing More Change
   - Using increased credibility to change all systems, structures, and policies that don’t fit together and don’t fit the transformation vision
   - Hiring, promoting, and developing people who can implement the change vision
   - Reinvigorating the process with new projects, themes, and change agents

8. Anchoring New Approaches in the Culture
   - Creating better performance through customer- and productivity-oriented behavior, more and better leadership, and more effective management
   - Articulating the connections between new behaviors and organizational success
   - Developing means to ensure leadership development and succession

Exhibit 2: The Eight-Stage Process for Creating Major Change
Finally, there needs to be engagement throughout the entire company. Middle and lower-level managers must be given the autonomy and flexibility to adapt the change project within their teams and create their own sense of urgency for the employees they manage. The feeling must be shared from the highest levels within the company, to get alignments from C-level executives, to the lowest levels in the company, to make sure the project is fully implemented.

2.1.2. Creating the Guiding Coalition

It is important to get sufficient leverage within the company to overcome the inertia that the project will encounter. Because no individual can create this type of impact on his or her own, there needs to be the right level of support from the start in order to accomplish the desired impact throughout the company. Kotter argues that the team members need to have three key characteristics: position power, expertise, credibility and leadership.

Because this entails building a team to lead the project, team members should spend time to develop a relationship based on trust and a common goal. These two characteristics are missing more often than not because there wasn’t enough time or effort put in at the beginning of the team-building process. Sometimes expectations may be set too high for team-building events and the objectives may never be achieved. Other times, the process is not planned with enough care or expertise. Ultimately, the common underlying goal that must be shared by everyone is the commitment to excellence and to make the organization perform at the highest level possible.
2.1.3. Developing a Vision and Strategy

The vision serves three major purposes:

1. Clarify the General Direction for change
2. Motivate people to take actions in the same direction
3. Coordinate actions of different people in a fast and efficient way

The direction that the vision needs to articulate can often be very simple and mundane. This may actually be best in order to make it easily communicable. According to Kotter, the vision needs to have six characteristics in order to be successful. It must be: imaginable, desirable, feasible, focused, flexible, and communicable.

Creating the vision is a difficult process to put together, however. It is usually an exercise both of the head and the heart, it takes time to develop, it always involves a group of people and it is hard to do well. It is usually articulated first by a single individual, and refined with the rest of the guiding coalition.

2.1.4. Communicating the Change Vision

The vision can have a true impact when it is effectively communicated and understood by the great majority of employees within an organization. One way to ensure that the vision will be easy to communicate effectively is to keep it simple and approachable for the employees. It's important to make it relatable by using past examples or metaphors that make the messages easy to remember.
Another way to ensure effective communication is to use multiple channels to spread it. This can be done through large group meetings, memos, company newspapers, formal and informal one-to-one talks, and newsletters. It is important to use these channels often and to repeat messages. The people communicating the vision should also be taking actions in order to lead by example. Additionally, it is important to make messages about the vision explicit in order to address any kind of inconsistencies. Getting rid of the company jet fleet can be a significant message to say that company is struggling financially.

2.1.5. Empowering Employees for Broad-based Action

Once people at the lower levels of the organization are on board with the vision of the Change Project, it is crucial for them to have the systems and tools in place to implement the change vision. One area to pay attention to is to remove the structural barriers to the project in the organization. Employees must be given the proper training to be equipped with the right capabilities and competencies to lead the change vision. There are two reasons why this crucial step is often poorly executed: either the actual needs required for the transformation aren’t identified, or realizing them is overwhelming.

It is also crucial to align the systems within the organization such that they promote actions that are in line with the vision. For example, compensation systems should reward employees that are taking the right steps towards accomplishing the project. Another example could be to change the hiring process to on-board employees with the adequate skills to keep improving on the vision. On the HR side, it may be important to let go of those who are unable to align their practices with the vision.
2.1.6. Generating Short-Term Wins

Because producing major change within a large organization usually takes time, generating short-term wins and communicating relentlessly about them can be effective ways to keep stakeholders interested and involved. It shows that their sacrifices (such as working longer hours) are paying off. They also offer the opportunity for a small break in the project to allow all of those involved to relax. They can provide a way to test the hypothesis that was presented in the initial vision and help to refine it. They serve to undermine the cynics and resisters to the transformation. They help to retain the attention and the buy-in of all of the management throughout the organization. And finally, short terms wins help to generate momentum to build on, in order to carry additional steps in the transformation.

Kotter argues that it is important to plan to receive these short-term wins and to expect them, instead of praying that they will materialize. Despite the urgency of the problem that needs to be fixed, it is crucial for the leaders of the project to be aware of these short-term wins in order to highlight them when they materialize. Creating the expectation for these short-term wins increases pressure and delivery requirements, which is also a good way to keep the sense of urgency high within the company.

2.1.7. Consolidating Gains and Producing more Change

When leading a change project, it is safer to assume that resistance is always trying to reassert itself within the teams, even if short-term wins are materializing. Because all parts
of business are much more interdependent today, producing change in one area will most likely affect another department as well. It is important to involve all departments and processes when consolidating the gains in order to facilitate other projects going forward. Sometimes it may be even better to eliminate the interdependencies that aren’t relevant to work more efficiently on future projects. Great leaders are extremely important at this stage to consolidate the gains, relate them to the vision and elicit behaviors that will lead to additional change projects in the right direction in the long-term.

2.1.8. Anchoring New Approaches in the Culture

Once a project has been successfully implemented, actors need to remain vigilant that the organization doesn’t revert back to the old ways of doing business. Culture as defined by Kotter is the norms of behaviors and shared values among a group of individuals. In this sense, culture influences behavior greatly and if the results of the change transformation are not established within the entity’s culture, then people’s natural inclination will be to revert back to the old operating model, driven by the remaining culture. Usually, the core of the company’s culture is not conflicting with the new change vision. The vision will have, to some degree, been a product of that very culture. But specificities of the culture might not be completely aligned with the new practices. Kotter argues that trying to change the culture to fit the new practices is the last step in the transformation. Doing this at the start of the project can be extremely difficult as there are no tangible benefits to defining the new set of cultural norms.
2.2. **Cultural Implications of Kotter's framework**

The following section will cover the cultural dimensions that should be examined at each step of the Kotter Framework. The steps in the framework are highly linked to aspects of American culture. However, if properly handled and interpreted in other cultural contexts, they remain relevant.

2.2.1. **Establishing a sense of Urgency**

There are a few notions that are already embedded within the idea of creating a sense of urgency: problem identification and time.

The problem within the organization must be apparent to everyone involved such that it can get fixed. This is probably less straightforward than it may seem as different entities and cultures may not have similar objectives, depending on their local markets. For example, while some national entities within a company could be focused on growth and growing market share because of their current economic environment, others may be focusing on reducing costs and creating a more lean and efficient company in a mature market. For some cases, the location of the headquarters may influence the types of projects that are launched. Accordingly, certain subsidiaries would not be ready to accept similar goals as their short-term focus diverges from that of the parent entity, being at a different stage of development. Furthermore, according to Schneider, different cultures hold diverging meanings for corporate success (Schneider, 2003). For example, in an American company, the company could be meant to exist for the benefit of the shareholder while in Sweden of Germany, the purpose of the company is to serve its employees, while in
Japan, the customer would have the divine rights. This leads to very different assumptions regarding what is truly important to focus. Depending on the stakeholder, there will be a stronger emphasis on product integrity, market share, customer satisfaction, or shareholder value.

This can lead to think about the theory of goal setting. Evidence shows that people who participate in goal setting are more likely to accept a difficult goal than if they are arbitrarily assigned one (Robbins, 2001). But the very nature of goal setting is a cultural one as well. For example, in the United States and Canada, the key components of goal setting are well aligned with these cultures which value quantifiable achievements, autonomy of workers and always challenging oneself to improve. However, in other culture where this is not the case such as South America, there may be very different reactions to the process of goal-setting. In any case, if goals are set in a collaborative setting, the probability that these challenges will be accepted and tackled increases tremendously.

Another notion that is important to consider when building a sense of urgency is that of time. Time orientation is not necessarily the same in all cultures. This would help explain why a decision maker would act more quickly in North America than one would in Egypt (Robbins, 2005). Although sometimes organization are faced with strict deadlines that may be non-negotiable due to market forces or shareholder meetings, using time concepts which are more subjective could provide different outcomes in different environments. For example, the phrase “this is urgent!” or “we don’t have to worry about this for a while” may not hold the same meaning in different cultures.
In the western world, cultures have adopted the concept of time as "monochromic" and linear. This has lead to accepting the idea that every task could be measured in terms of the amount of time that it takes to accomplish. Such a phenomenon is reflected by clocks being prevalent in all work places, and by the emphasis on the metaphor that "Time is money" (Schein, 1985). However, other cultures such as in the Middle East or Africa, have developed an idea that time is "polychromic", accepting the fact that event can happen simultaneously. These cultures may measure success based on what has been accomplished rather than the amount of time that was necessary to do so. The emergence of this way of viewing time is rooted in different cultural behaviors, such as the importance of relationships when getting the job done. In cultures where relationships are deemed crucial to conducting business such as the notion of "Guanxi" in China, there is a stronger focus on having teams work harmoniously and tasks getting done simultaneously in a natural order. On the other hand, team members who have a "monochromic" view of time will be reticent to moving to a new task until the previous one has been resolved (Bhattacharyya, 2010) and they will view those with a "polychromic" vision of time as disorganized. The latter will not appreciate the attitude of the former, finding it too rigid and inefficient in their inability to multi task.

These different notions of time can be exhibited in many different ways in business. For example, cultures that view time as monochromic, such as Germany, are likely to conduct business meetings with a strict agenda and with people speaking one at a time (Schneider, 2003). In contrast, cultures where time is seen as polychromic, such as France, will feel like
an agenda is to restrictive and will most likely hold meetings where everyone can chime in and debate about the issues.

In any case, it is important to note that creating a sense of urgency around what needs to be done is not a straightforward matter based on culture. Whether it is a necessary step to a successful Change Management project is hard to argue, but the notion of urgency may not have the same meaning everywhere.

2.2.2. Creating the guiding coalition

Getting the right people on board and the appropriate level of authority may be the most crucial part in setting up for success. This is where the initial meetings must be focused in finding out the cultural differences to work with and leverage in the efforts to reach a common goal.

However, the very notion of teamwork is a cultural one as well. Some cultures are more open to the idea of collaboration while others are much more individualistic to start with. The team dynamic can be influenced by multiple underlying principles that were first highlighted by Hofstede (Hofstede, 1980). The degrees to which elements of power distance, uncertainty avoidance (ambiguity), and individualism are present, can impact the team dynamic in important ways. This will influence the team members’ propensity to accept or reject authority, to expect orders to be coming in a top down fashion or to have a large degree of autonomy in carrying individual tasks. The idea to create the right cross cultural team by selecting the right members is important but understanding people’s inclination
and general response to teamwork is just as crucial. For example, on study compared the speed at which problems were typically identified and strategic decisions were made in Britain and Sweden (Axelsson, 1991). It took twice as long to reach a decision in Sweden as it did in Britain because of the number of people who were involved in the process. This is a reflection of the team-oriented Swedish culture. Although this increases the time that is required to make a decision, Schneider argues that it will reduce the time needed to implement it as the issue has been widely communicated and consensus has been reached on a broader level (Schneider, 2003).

The individualistic approach to teamwork may yield many unexpected surprises in the process of decision-making (Bhattacharyya, 2010). This leads to a strong difference between certain team members expecting to have a certain level of autonomy and being able to take decisions on their own versus others who will be more responsive to a participatory approach, where everyone is involved into reaching a consensus decisions. This may lead to important misunderstandings within teams as well and negative perceptions of other team members. The individualistic team members may see the collectivist members as too inefficient and not entrepreneurial enough. On the other hand, the collectivist members may find the individualistic members as poor team players. If the team leadership is aware of these differences, it can leverage these different ways to work to reach the best conclusions. The area of problem-solving can benefit the from team-leadership being more aware of these differences as the best inputs could be leveraged from all of the team-members.
The types of teams can have different dynamics because of the ways in which they are structured. Adler makes the first distinction between homogeneous teams (where all members come from the same background) and multicultural teams (where people with different backgrounds interact) (Adler, 1991). She distinguishes different types of multicultural teams as well: the token teams, where only one member has a different background from the rest of the team members, the bicultural teams, where members can be categorized in two separate backgrounds and the multicultural teams where there is no majority in terms of culture. In token teams, it is important to be aware of the different background of the one person concerned as they can bring a different perspective to the table. On the other hand, there is a balance that needs to be found in not giving them a disproportionate amount of leverage and weight because of the fact that they are the only person with that particular perspective. In bicultural teams, there is a roughly equal split between the cultures. The team must continuously be aware of this difference and be diligent in integrating perspectives of both sides equally in order to keep the balance of power in check. Much like the bicultural teams, the multicultural teams with 3 or more cultures represented must also be continuously aware of the different perspectives in order to bring them all to light. The research can conclusively show that the more collectivist cultures such as the ones in China or the Middle East, are more effective in working collectively and are thus better suited for globally distributed teamwork than more individualistic cultures, such as the ones that can be found in North America or Australia (Chen, 1998). This is an interesting dimension to be aware of during the team initiation phase, as not all team members are going to have an inclination to fully participate to the teamwork environment, due to their individualistic inclinations.
The notion of leadership should also be tackled in this section. In the words of Rosabeth Moss Kanter “In the global economy, leadership is an outward-looking, not an inward-looking, function” (Kanter, 2003). Certain types of people have the ability to be aware of cultural differences and this sensitivity allows them to leverage different aspects of culture. Kanter calls them the Business Cosmopolitans. Their leadership capabilities lie in their abilities to navigate the World Networks and interact with locally focused managers. There is a natural struggle that can arise between these two sets of individuals around control and power, as corporations need to globalize and rely on the cosmopolitans. A second point of tension is that cosmopolitans bring not only different standards, which threatens the local culture, but also invoke comparison with other areas and cultures. And cosmopolitans are hard to write off or ignore because of their proven success in a different environment. However, the Cosmopolitans will always need people with deep local connections who are trusted by the communities and local cultures. In fact, global companies need them to permit local acceptance of their products. This relationship between cosmopolitans and local managers is important to take into account in cross-cultural projects, as the struggle of power and of credibility can be tough to navigate.

Another important aspect of the guiding coalition not to be overlooked is to create cohesion with a defined team culture. This is especially hard to do in distributed teams, where the members of the project may get little to no face-time for the entire duration of the Change Project. In order to build an effective team culture, the values of the team should be clearly stated from the beginning (Wheelan, 1999). However, according to Ernest
Gundling, this may not be as straight-forward in cross-cultural settings: "In cross-border settings, however, the code for establishing our value in the eyes of new colleagues and customers may differ from what we are accustomed to, and even this seemingly rudimentary step in creating business relationships can become a major stumbling block" (Gundling, 2003). According to Gundling, it is difficult to establish credibility in a different national culture. The meanings attached to certain words in one culture can have different interpretations for other cultures, which can be a challenge when trying to create a common team culture. He argues that in egalitarian business environments, the impact of an effective team leader can often be overlooked. However, for diverse teams, it is ideal to have a well-positioned leader in the organization who is respected by all members, in order to lead the way to create the shared context and culture for the team.

2.2.3. Developing a vision and strategy

Developing a vision is almost as important as the following step of communicating it, especially in a cross-cultural setting with distributed teams. Because there is an even greater need for efforts to be well coordinated within these work environments, having a clear vision can help align everyone to the end goal and expectations. As mentioned earlier, there is a need for co-creation at this stage as well. When objectives are co-created, they are much more likely to be accepted, even if there is no conclusive research about whether this influences the end result and the success of the project.

In addition, a vision which is co created within a team also takes care of the next step of communication. The process of getting team members involved in setting the long-term
vision creates awareness but also focuses their attention on a daily basis. Creating that vision is also extremely important when it comes to building a culture for the team. Although this is an ambitious concept, this may be the most effective way to ensure the team's success. Without a shared vision, it is almost impossible to develop this strong team culture (Cohn, 2010). The co-constructed vision will diminish the amount of required communication around this long-term strategy and help all of those involved to anticipate the needs and requirements to fulfill it. It gives everyone a long-term focus, empowering employees to rethink processes and to challenge the status quo in creative ways that will lead to success. Furthermore, involving the whole team in creating the vision also helps to minimize the amount of rework that would sometimes be required. For example, if a distributed team is working on a software development project with a distributed team located in the United States and in India, having both sides of the team be fully aware of the product vision helps them make sure that expectations are aligned on both sides.

Kotter makes the argument that the vision must be imaginable, desirable, feasible, focused, flexible and communicable. Most of these aspects of the vision require co-creation by all members of the team because there may be cultural biases toward what these aspects represent. For example, some aspects of the vision could be desirable for people from a certain culture, but may be less so for others. In the example of a reorganization of the Human Resource Management (HRM) practices of a global firm, one entity, which would believe strongly in principles of meritocracy, may want to change compensation packages based on performance. However, in a division that puts strong emphasis on hierarchy based on seniority, this long-term goal will be undesirable. This could lead to cases of
insubordination and un-cooperation with those who are promoted. This example shows that if a vision is created with everyone contributing their inputs, then cultural assumptions will be exposed so that they can be handled in a sensible manner. This can avoid having to face much more serious implementation problems later on. Research has shown that the more subsidiaries are involved in formulating the strategies, the more readily they are implemented (Kim, 1993).

2.2.4. Communicating the Change vision

Kotter talks about communication in the context of spreading the vision throughout the company to reinforce the adoption of its principles. However there is something missing on the topic of general communication between teams and departments to help align efforts, coordinate projects and realize synergies across functions. This communication is required to eliminate redundancies as well as encourage creative solutions to less straightforward problems. Finally, having this communication helps employees get a broader view and start thinking in a systemic way. They will understand each part of the organization better and how acting in one area can impact another. Given the importance of having the right structure to foster this communication, we will take advantage of this section of the framework to explore this topic.

Samovar defines Intercultural Communication as occurring when “a member of one culture produces a message for consumption by a member of another culture” (Samovar, 1991). Samovar also argues that human behavior is governed by a set of rules that determines what is appropriate and what isn’t. This is true of our communication patterns as well. People’s
original culture determines the patterns of behavior or rules that govern their interactions. For example, in Iraq, it is inappropriate for a woman to welcome an unfamiliar man into her home. However, such a contextual rule does not apply in the US. This is also apparent in business settings where rules of communication with hierarchy will be different from one culture to the next. This leads to the second assumption that contexts specify the appropriate rule. For example, interactions during an interview may differ greatly from interactions between the same two individuals in the office cafeteria. Finally, rules are culturally diverse and it is important to know that a conversation between two people that may be appropriate in one culture may not be so in another.

Language is another potential roadblock to effective communication. One common misconception among managers is that sharing the same language automatically leads to assuming elements of shared culture. In the words of renowned linguist Edward Sapir: “It is easy to show that language and culture are not intrinsically associated. Totally unrelated languages share in one culture, closely related languages – even a single language – belong to distinct cultures” (Sapir, 1949). He argued that although language, race and culture are not always correlated, it doesn’t mean that they never are. As some cultural patterns could be shared in some instance due to a common language that better expresses certain worldviews, certain elements of culture could be similar as a direct result. This could lead some managers into the false sense of comfort that sharing a language always equate to sharing a culture. According to Schneider, “American companies often view Britain as the ideal bridgehead into Europe. But they can run into unexpected difficulties when assuming there is a shared culture, or, for that matter as shared language” (Schneider, 2003). She
insinuates that the fact that people in both of these countries speak English, doesn't mean that they have the same interpretation of the language.

Another aspect of language to manage is if the members of a team do not share the same native tongue. This creates a much more problematic choice around which language to choose for regular business interactions. In that case, the chosen language can easily impact the team dynamics. There will be a structural shift in the balance of power within the group with a large advantage for those who are better versed. Those whose native tongue is the chosen language to conduct daily interactions, will have an advantage in expressing their opinions, objecting to decisions and building credibility thanks to their inputs. A translator may help to restore that balance but this solution is still limited in many aspects. For example, the translator may be stretched too thin across the project, as they will need to attend to all aspects of communication. Furthermore, the pressure of relating the right thoughts and nuances of speech can be straining in a high-pressure environment, where communication plays such a crucial role.

One solution is to pick a language that isn't the native tongue of a single person on the project. In the Nissan-Renault partnership to turnaround the Japanese car manufacturer, English was chosen as the language to do business, which helped avoid any power struggles imbedded in communication procedures. Both the Japanese and the French were equally comfortable in the language and needed to adapt to work together. Having a second language as the main language to conduct business does have drawbacks as well. It can hinder productivity while people learn the language on the job (or through training) before
being fully proficient in it. Furthermore, there can be serious communication issues as well which will arise when the right terms can’t be found or expressed due to the limited mastery of the language. The ensuing misunderstandings can also greatly hinder productivity. Another consequence of multilingualism in the workplace are the suspicion and feelings of uneasiness that frequently develop when some members of the workforce speak a language that others don’t understand (Samovar, 2012), this can easily create feelings of rejection from a formed group.

There are a couple of ways to improve communication between members of different discourse systems (Scollon, 1995). The first way is by knowing as much as possible about the person with whom one is communicating. The second is by making the assumption that misunderstandings are the only thing certain about inter-cultural professional communication. If all parties are comfortable with this mindset, then they are aware of the issues as they arise ad can deal openly with these misunderstandings.

One important distinction to draw concerns the different relationships that cultures have with regards to the use of language. Most researchers agree that language serves at least two functions, which are to relate information and to develop relationships. However, different cultures may associate either one of these aspects much more with their spoken language than others. For example, the Japanese culture places a stronger emphasis on the value of communication to develop feelings and relationships than on exchanging information. But in International business settings, the reverse is true. With the now almost instantaneous communication across the globe facilitated by technology, there
communication is most often associated with sharing factual information. Furthermore, in many cultures, the idea of communication without language has had a major impact. This is in opposition of utilitarian discourse in which it is assumed that language should be purged of any non-essential information.

Scollon argues that cultures that are attached to group harmony will create a different dynamic within the group work in order to minimize potential conflict (Scollon 1995). For example, if there is disagreement within the group about a potential solution, members will be more likely to accept a worse solution in order to preserve group harmony than in individualistic cultures, where challenging the status quo is encouraged.

Non-verbal communication can also create some issues. There can be significant preconceived inferences that can be drawn from certain gestures. For example, a smile may mean acknowledgement and understanding in Western cultures, but it may mean embarrassment in some Asian cultures. Another major difference is in greetings where in certain cultures, bowing is still the proper way to welcome someone, whereas other cultures use a handshake. Within Asia, the use of bowing is different from one culture to the next, as Japanese and Koreans will use it more frequent than in Chinese culture. The purpose of this section is not to highlight every single difference in verbal and non-verbal communication that may arise between people of different cultures, but to express the fact that members should be aware of these differences.
The issues that arise from communication, whether verbal or non-verbal, are an essential determinant of the chance of success of a Cross-Cultural Change Project. Certain cultures have very different relationships to the use of language, as they will use it to build relationships or convey emotions rather than facts. Other cultures will be more utilitarian, and assume that all communication should be stripped of non-factual elements. The choice of language in the project setting will also advantage certain stakeholder over others, and should be managed accordingly. All of these elements show different ways in which communication can break down in this setting. It is therefore crucial for Business Cosmopolitans to be fully aware of these pitfalls in order to navigate them successfully.

2.2.5. **Empowering Broad based action**

This idea in the Kotter framework is extremely deeply rooted in the cultural assumption that generally people prefer to be given autonomy and work in individualistic ways. As discussed earlier, this is especially true in North American or Australian cultures but may not be so evident in Asian cultures for example. Geert Hostede first characterized this aspect in of individualism versus collectivism (Hofstede, 1980). He defines individualism as “a preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families.” Accordingly he defines collectivism as “a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty.” Embedded within this is the fact that the very fact that the national culture can be characterized as more individualistic or collectivistic, already highlights potential differences in the adoption rate of the project. More collectivist-oriented people
will be more willing to participate, feeling a greater sense of attachment to the group. However, it is important to note that empowering broad based action also requires an infrastructure to be built in collectivist cultures to empower the group to work as a solid entity.

There is also a notion around the relationship that people have with hierarchy. Hofstede calls this concept “Power Distance”. In cultures exhibiting large degrees of power distance, it is commonly accepted that everyone within the hierarchy has their own place. On the other hand, in cultures with lower power distance, people strive to equalize distribution of power and demand justification when inequalities are perceived. In some cultures, there is strong emphasis placed on the role of hierarchy dictating what to do. For example, in French culture, the role of the manager is to dictate what needs to be done. This is in sharp contrast with the more entrepreneurial and individualistic American business culture for example. When Hofstede measured this index at IBM, his results showed that countries such as Malaysia, Guatemala and Panama had the highest level of power distance, while Israel and Austria had the lowest.

These insights become extremely useful when empowering people to lead change management projects. In countries with high level of power distance, it may be more effective to lead the change project from the top-down, with managers dictating orders. The employees in these cultures, which are highly focused on hierarchy, will respond favorably to these orders and are less likely to question them. On the other end of the spectrum, people in cultures with very low power distance will respond negatively to such
management practices. In this case, it will be more effective to provide them with a structure where they have greater control and autonomy of their perimeter. Employees should be encouraged to think outside of the box and to challenges systems and processes. The structure reflects assumptions about the role of management as well. For example, in British managers are more likely to say that their role is to coordinate, while French managers indicate that their most important role is to control (Laurent, 1986). Inherently, this comes from assumptions about employees as to whether they are self-directed (Theory Y) or lazy (Theory X) in which case they need to be controlled (McGregor, 1960).

Another important consideration for HRM practices is the form of feedback. This discussion could easily take place in the part related to “communication”, as feedback is an important part of team dynamics as well. However, according to Gundling, “Different feedback styles can easily lead to misunderstandings” (Gundling, 2003). He observes that there are stark differences between certain parts of Europe and US where feedback is direct, and face-to-face and disagreement is allowed. In other cultures, there is the notion of saving face, where employees can’t disagree explicitly, but do it implicitly by avoiding the task at hand. It is thus crucial for HR managers to be able to interpret these signals about employee behaviors, as well as provide feedback in a way that communicates clearly to employees.

In addition, HRM practices should be aligned to better serve these differences. For example, in a culture of low power distance where orders are dictated from the top-down, rewards and compensation should be based on the quality of the work delivered according to the needs of the top-managers. When the work is executed according to plan, employees
should be rewarded accordingly. On the other hand, in a low power distance culture, incentives should be aligned with risk-taking and creative thinking. Finally, in both of these situations, HR managers should develop processes to recruit employees who will be top performers in the systems that they implement. Adapting the HR structure to the culture of the country can have great impacts in aligning incentives. This is likely to empower employees to act according to expected results.

2.2.6. Generating short-term wins

It is hard to argue that generating short-term wins and communicating around them heavily would be a winning strategy in an American firm. However, this may be strongly linked to the monochromatic nature of the American culture, which is achievement-based and pragmatic. Herzog and Leker define goal-oriented cultures as “market cultures” (Herzog, 2008). They oppose it to the “clan culture” which is much more inwardly focused and flexible while emphasizing cohesiveness, participation and teamwork. The ways in which the short-term wins are communicated to the rest of the organization needs to account for this difference in culture as well. In a goal-oriented culture, the magnitude of the achievement is very important and should be communicated as such. On the other hand, in “clan cultures”, it is more important to reward everyone for the effort provided and to highlight the ways in which the team was successful in bringing together different expertise to leverage. People in each culture will respond to messages differently, based on the desired outcome.
2.2.7. Consolidating gains and producing more change / Anchoring new approaches in the culture

Because resistance to the change project is always rampant, it is important to anchor new gains solidly before moving on to new projects that keep working towards the end vision. However, some cultures are just more open to change than others. It is easy to imagine that certain hierarchical and formal cultures will be much less flexible to accept the change projects. This is even truer for certain company cultures or even entity cultures.

One way to solidify the changes brought about by the project is to embed the desired behavior in the reward system. This highlights the previous point of empowering broad based action through careful configuration of HRM practices. In this case, the structure will also prevent old behaviors from returning if employees are incentivized on exhibiting the new type of behavior that is required for the company to keep moving in the same direction.

It is also important to note that Kotter's reference to culture in this context relates to company or entity culture, and not national culture. There is little hope for a manager to try to change elements of national culture through a successful Change Project. However, it is possible to develop a new Organizational Culture that contains elements that are not specifically correlated to the National culture.
3. Comparative Case Study in the Context of Cross-Cultural Change Management

This part will explore the aspects of two different cases of cross-cultural collaboration: the alliances formed between Renault and Nissan and DaimlerChrysler and Mitsubishi Motors Corporation (MMC). These two cases are comparable in many respects, and yet have had extremely different outcomes. In both cases, the Japanese car manufacturer is unprofitable, unproductive and looking for a partner to help turn the situation around. Both Daimler Chrysler and Renault bought large stakes in their Asian counterparts to create an alliance that would help them gain access to the Asian car market. However, thanks to this strategic alliance, Nissan recovered from debt and resurged to significance, beating Honda to becoming Japan's second largest carmaker by 2004 while Mitsubishi Motors never recovered before DaimlerChrysler stopped funding the alliance in 2004. What happened in these two cases? Were there different approaches to the turnaround? Can the success of one, and the failure of the other be explained through the lens of cultural differences that were resolved or ignored? This section will strive to answer these questions.

3.1. Background

3.1.1. Where was Nissan before Renault?

Nissan is one of the oldest Japanese car manufacturers, and can trace its roots to 1911 when Masujiro Hashimoto started an automobile factory: Kwaishinsha Co. The first car hit the market in 1914 under the name of Dat Car. The first three letters "DAT" were the initials of Hashimoto's three financial backers. In 1930, Nissan bought design plants to manufacture passenger cars and trucks. But as the war grew near, the company' focus
shifted to military trucks. Nissan resumed production of the Datsun and of trucks after the war but was hampered by many labor-management issues. It suffered a 100 days strike in 1953 after which, the company built labor-management relationships based on trust.

The energy crises in the 1970 fueled strong demand for Japanese cars, which were renowned for their fuel efficiency. American car manufacturers were especially lagging to produce smaller, more fuel-efficient cars, helping Japanese auto manufacturers gain traction in the market and grab market share.

However, the company faced a major setback in the US when in the 1980s, it decided to replace the Datsun brand with the unknown Nissan brand. Coupled with this change of marketing strategy, the company created a series of weaker model that failed to capture the US market's attention. Finally, the late entry into the rising segment of SUVs and Minivans left a wide gap, which Toyota and Honda filled effectively. The US sales declined by 20% from 1991 to 1998. On the other side of the ocean, in the Japanese market, Nissan was focused overtaking Toyota as the number one carmaker in a shrinking market.

During the 1990s, as many car manufacturers entered global alliances to gain worldwide reach, Nissan remained independent. It instead launched an aggressive expansion plan to conquer the Japanese market. The company's debt almost tripled to ¥3.6 trillion from 1987 to 1992. Nissan posted the first loss since going public in 1993 and its Japanese market share slid from a healthy 34% in 1974 to a worrying 19% in 1999. Two consecutive restructuring plans failed to turn the situation around, with the company unable to take
effective actions to reduce operating expenses. Between 1991 and 1998, the company’s cumulative losses reached $261 billion.

Faced with this cash crunch, aging product models, long development cycles and shrinking market shares, Nissan was on the brink of bankruptcy. It stated looking for an ally that would be able to infuse cash and help it repay its debt, while bringing in new management ideas to the table.

3.1.2. Where was Mitsubishi Motors Company before DaimlerChrysler?

The company can trace its origins back to 1870 when Yataro Iwasaki separated Tsukumo Shokai from the Tosa Clan. This shipping company aggressively invested in coal and mineral mining, which eventually became a key part of Mitsubishi group. The company was renamed “Mitsubishi Shokai” in 1873 and the trademark (three diamonds) was registered in 1914. It developed and produced its first passenger vehicle in 1917, called the “Model A”. The company put out new models and in 1970, changed its name to Mitsubishi Motors Corporation. MMC faced much of the same problems that Nissan had. Japan was hit by a decade-long recession and MMC saw its debt level rise as a result. By 2000, the company was also hit by numerous customer complaints, which made a serious dent in its reputation. A government inspection conducted in the summer of 2000 revealed a number of hidden customer reports and MMC was forced to recall 50,000 vehicles as a result.
Most people believed the company had drifted into the situation because of its “Keiretsu system”. This remnant of the Japanese business culture dictates that Japanese companies take equity position in some of their partners in order to promote loyalty and cooperation. During times of hardship, MMC could expect a significant amount of financial backing from a number of its allies, decreasing the level of urgency of the situation. This delayed any attempt at restructuring the company. In addition, MMC also produced more vehicle models than the industry leader: Toyota. Analysts believed this was a large reason for the faulty engineering and the number of customer complaints.

3.2. The turnaround stories

3.2.1. The Nissan turnaround

In 1999, Nissan and Renault reached an agreement where the French automaker would assume $5.4 billion of Nissan’s debt in return for 36.6% of equity. This strategic deal made sense since Renault was looking to expand its presence to North America, where Nissan still had a position to play, while Renault’s cash helped alleviate Nissan’s financial burden. In addition, there were obvious synergies between the two companies, given their complimentary capabilities (Ghosn, 2002). Renault appointed Carlos Ghosn as the new COO of Nissan to help spearhead the turnaround. Ghosn had built a reputation for his ability to cut costs and improve margins. He was instrumental in pulling Renault out of a failed merger with Volvo in the 1990s. During his tenure at Michelin, he was successful in turning around the Brazilian subsidiary of the company in the 1980s as well, despite the strong rise in inflation rates and in putting together a merger with Uniroyal Goodrich in the early
1990s, during a market downturn. It seemed like Ghosn was the ideal candidate for this mission.

Ghosn discovered that the situation at Nissan was extreme. Even with the Renault cash influx, the company’s debt still amounted to $11 billion, Nissan was losing $1000 per cars it sold in the US due to lack of brand awareness, the purchasing costs of the company were 15% higher than at Renault and the firm had a staggering excess production capacity. It was estimated that its Japanese plants alone could output 1 million more cars than the company sold worldwide (Ghosn, 2002).

Within one month, Ghosn organized 9 Cross-Functional Teams (CFT) to evaluate the following business areas: Business Development, Marketing and Sales, Purchasing, Manufacturing, Finance, R&D, Product Phasing Out, Organization and Decision-Making Process. Each team was composed of approximately 10 line managers and created sub-teams of approximately 10 managers, which dealt with specific issues within the CFT’s area. This created a network of approximately 500 employees at Nissan who were directly involved with the turnaround. Each CFT was appointed two members of the executive committee to give them more leverage in the organization and also expand the focus of the teams. The teams had a designated team pilot who would be responsible to drive the conversations and meeting agendas. Ghosn strongly believed that the teams would be able to leverage ideas from both companies and work in new and innovative ways, thanks to their structure. Within three months, they had reviewed the company’s operations and brought forward recommendations to bring Nissan back to profitability.
In October of 1999, Nissan released the Nissan Revival Plan (NRP) which was a blueprint drafted by the CFTs to bring Nissan back to relevancy and profitability as a carmaker. The plan had a clear vision with three objectives: returning the company to profitability by 2000, slashing the debt by more than half and reaching an operating margin of 4.5% by 2002. The plan was drafted entirely by Nissan managers, as Ghosn believed this would ensure that they would own the objectives put forward.

Ghosn decided to break up the Keiretsu system. This was a bold and risky move on his part, coming in as an outsider to break this long-standing tradition. The Nissan Keiretsu was believed to comprise 1,300 subsidiaries of which only 5 were deemed to be strategic (Sivaramakrishna, 2004). This amounted $4 billion in tied capital. Ghosn saw this as a great opportunity to start deleveraging Nissan.

The second issue that Ghosn tackled concerned HRM practices. Promotion at Nissan, just like at many Japanese companies, was based on tenure and not on performance. This created inertia and complacency within the company. A new structure of the company was set up to reward employees on performance, in a meritocratic way, irrespective of age and gender. This entailed that some younger employees were promoted over others who had more seniority. This created issues to insure cooperation, but Ghosn believed it was a good way to test someone’s leadership capabilities. The compensation system was also revamped to reflect the new meritocratic culture. Before the alliance, managers did not have well-defined areas of responsibilities, which fostered a culture of blame when things
turned for the worst. Everyone at the company was placed into area of direct operational responsibilities. The plan also announced plant closures and headcount reductions in Japan. This was another very bold move in a country where the norm dictated life-long employment. Nissan closed down 5 plants and laid off 21,000 workers.

The CFTs also played an instrumental role in the implementation of the turnaround strategy. They were a means for operational managers to get an idea of the bigger picture and see beyond their area of responsibility. They were extremely permormant in helping the turnaround. For example, one of the goals was to reduce the purchasing costs by 20% to be more in line with other car manufacturers. Having Procurement and Engineering work together to create less stringent and more cost-effective specifications exceeded this goal. The team was able to deliver even more cost savings thanks to this cross-functional collaboration. The CFTs remained an integral part of managing the day-to-day activities at Nissan, even while the company had turned around, both to ensure that the NRP was fully carried out but also to keep finding new areas of improvement. As Ghosn put it: “they are my way of making sure that Nissan stays awake and fit.” (Ghosn, 2002).

Although the relationship seemed to be especially based around transferring of management skills and ideas from Renault to Nissan in the beginning, as the latter rose out of debt, the management principles between the two companies started getting shared more equally. Most analysts argue that both Nissan and Renault benefitted greatly from this partnership. Nissan's culture was preserved and it regained relevance on the world stage as a fierce competitor to deal with, for other car manufacturers.
3.2.2. Nissan Outcome

By 2002, Nissan had reduced its number of affiliates to 25, established relationship of trust with its suppliers based on long term mutual success, cut the number of suppliers in half, reduced its purchasing costs by 20%, and mutualized purchases between the two companies to benefit from scaled up orders. The NRP also comprised a number of investments to guarantee the firm's future. It planned to decrease new vehicle production time to 15 months. Ghosn trimmed the management board down from 50 members to 9, with 5 of them from Nissan and 4 from Renault (Sivaramakrishna, 2004) in order to speed up the decision-making process. In 2000, Nissan posted a profit of $2.7 billion. The company’s operating margin rose to 7.9% in 2001 and to 10.8% in 2002. The firm’s debt was completely wiped out by 2002 and the company turned a profit of ¥495 billions. The company’s domestic market share rose by 1.1% to 19% and the US market share rose from 3.9% in 1998 to 5% in 2003. In the US, the company decided to sell on value and product attributes instead of adopting some of the competitor’s destructive rebate and financing strategies.

On the back end of the NRP, Ghosn announced the “180 plan”, which aimed at selling an additional 1 million cars by 2005 and achieve an 8% return on sales with zero debt and an aggressive expansion plan into China.
3.2.3. The “failed” turnaround at Mitsubishi Motors Corporation

In 2000, MMC and DaimlerChrysler struck a deal where the latter would acquire a 34% share in the former for $2.1 Billion. The deal ensured the enlargement of the board of MMC to 11 members and to include a new COO position. Rolf Eckrodt was appointed to this position in order to spearhead the turnaround there. Eckrodt had a strong track record in leading turnarounds and in delivering strong results in the auto industry. He successfully rebuilt the company’s Brazilian subsidiary and the ailing railroad division, Adtranz. Takashi Sonobe replaced the president and CEO of MMC at the same time as Eckrodt’s arrival. Despite DaimlerChrysler’s stake in MMC, other companies of the Mitsubishi group had a higher combined share ownership than DaimlerChrysler and never fully supported the deal. Furthermore, the MMC brand was damaged by the customer complaints scandals and the company didn’t have as strong of a brand as Nissan in the US or European markets.

Sonobe and Eckrodt announced the “MMC turnaround plan”. This plan included production capacity reduction by 20%, 9,500 layoffs, and a focus on the core business and on quality control and management. The plan aimed for a 15% savings in materials costs by 2003 through a cost reduction program, using Daimler’s cost reduction measures as a foundation to implement value analysis and benchmarking. The goal was to achieve an operating margin of 4.5% by 2003.

The number of executive officers was reduced from 38 to 29 and the average age dropped by 4 years as a result. In order to deal with the turnaround, Eckrodt set up a turnaround
promotion office that reported directly to him and replaced 5 top Japanese executives with German executives under the age of 40.

To tackle the quality problem, the entire quality control department was overhauled and the top managers were replaced. In addition, the team developed a tool to log in customer complaints automatically, in order to prevent discounting of further customer complaints.

The two companies worked on various car models together by designing cars on the same chassis and share half of the car parts. However, the new cars would not hit the market until 2005. Analysts worried that this long development cycle created uncertainty for the future of the brand. Eckrodt was targeting for 50% of MMC's cars to share a platform with DaimlerChrysler cars by 2005.

Mitsubishi Motors' market share never recovered following the scandal of the hidden customer complaint reports. It returned momentarily to profits in 2002 thanks to the efforts of restructuring but suffered major financial losses in 2003 heightened by a failed strategy in the US. The company desperately tried to appeal to younger generations in the market, offering indiscriminate credit options. However, growing defaults on the loans generated huge losses for MMC.

In 2004, DaimlerChrysler announced that it would stop further financial help to MMC. The company had invested a total of $3.5 billion and publicly stated that it saw no way of guaranteeing any return on their investment going forward.
3.3. Case discussion from a Cultural Standpoint

This section does not aim to discredit the fact that there were structural differences between the cases of the Nissan-Renault alliance and the MMC-DaimlerChrysler case. These structural differences also contributed to the major success of the Nissan-Renault alliance and the failure of the MMC-DaimlerChrysler one. According to Garel Rhys, director of the automotive industry research group at Cardiff University in Wales, "The innate strength of Nissan was much greater than the innate strength of Mitsubishi" (Landler, 2004). However, some considerations should be given to the ways in which being sensible the cultural aspects can provide the right environment for the alliances to succeed. It is impossible to claim that this is the single factor explaining the success of one versus the other, but creating the right context does set up the structure to facilitate the success of the project.

This section will examine the actions that Ghosn and Eckrodt took and how they fit within the cultural analysis of Kotter's framework on "Leading Change". On the side of Renault, there was a strong awareness of the factors of Japanese culture that were crucial to preserve and those that needed to be challenged within the Nissan corporation in order to turn the company around. On the other hand, DaimlerChrysler's methods consisted much more of imposing westernized management principles to Mitsubishi motors, with apparent disregard for elements of Japanese culture.
3.3.1. Presentation of the Japanese culture, as seen by Hofstede

Borrowing from Hofstede’s (Hofstede, 1980) analysis about Japanese business culture, it is possible to define where Japanese culture ranks among the four dimensions of the model. Japanese culture ranks at an average score in power distance. There are still strong considerations for hierarchy and people act according to their ranks. However, there doesn’t seem to be as strong of a devotion to hierarchy as can be seen in other Asian cultures. Japanese culture ranks low in Individualism. There are many instances when the harmony of the group is more important and takes precedent over the individual. Japan scores high on Masculinity, which translates to a society that is focused on success and results. This is mitigated by the collectivist nature of the society where success is not necessarily meant to be individual. Japanese culture also ranks extremely high in uncertainty avoidance. This shows a need to always be comforted by knowing the future and what can come next. There is a dislike of uncertainty in this culture.

This analysis from Hostede must be mitigated by the fact that this is an average that was collected from an initial sample within IBM. The ways in which cultural spheres interacted within his study can greatly influence the results. However, these findings provide a starting point to try and understand what happened in the case of Nissan and MMC.

3.3.2. Providing a context for trust

It is important to first note that in situations of M&A generally create atmospheres of distrust. There is uncertainty as to the real motives of the acquiring company. Some argue that cross-border M&A might be more difficult, since companies have to engage in a
double-layered acculturation, that is both organizational and national cultural integration (Barkema, 1996). Not only do corporate cultures but also national cultures have to align in order for this to be a success. This is an important part of the process that will dictate the level of trust and cooperation between the two sides.

Furthermore, Japanese business culture can be described as High context, where human relations are valued (Hall, 1976). This is a cultural context where trust in others plays an important role in any situation. Based on these two facts, creating an atmosphere of trust at the beginning of the project is invaluable to ensuring its success. Furthermore, in the case of Japanese culture, it is expected that norms and obligations of reciprocity will reduce opportunistic behaviors (Black, 1993). In other words, gaining the trust of Japanese employees will guarantee their full buy-in.

In the context of Renault-Nissan, Renault was not the first choice for Nissan as a partner. Originally, Nissan wanted to partner with DaimlerChrysler. However, when the latter withdrew their bid, Renault did not try to take advantage of the situation by lowering theirs. They wanted to send the signal that this alliance was for the long term and that they wanted to create lasting value for both companies (Ghosn, 2002).

On the other hand at MMC, little effort was put into creating this culture of trust and working in cross functions and cross company settings. From the beginning Eckrodt brought in German managers from DaimlerChrysler to manage the change project at Mitsubishi Motors (Froese, 2007). Only in the area of R&D was there some success in
creating cross-company collaboration to work on the ‘Smart for 4’ and the “Mitsubishi Colt” models. No structure was set up to work together across divisions and only division heads spoke with each other and reported directly to the CEO. This structure did not promote dialogue within and across companies to generate a healthier level of trust.

3.3.3. Nissan-Renault and Mitsubishi Motors-DaimlerChrysler, in Kotter’s model

Establishing a Sense of Urgency

Before Ghosn’s arrival, Nissan was a place of high complacency. The company was embedded in the notion of collectivism and of deferring blame. There was little accountability for managers and everyone believed that the Keiretsu would eventually come and support the, in case the situation got worse (Ghosn, 2002). Teams had no quantifiable goals and were unaware of the results of their performance. In addition, Engineering was the most revered function at Nissan and cars were planned according to the stringent specifications and were developed without taking the customer preferences into account. Such detail orientation required long planning processes that increased the level of complacency within the company. This also dramatically increased costs associated with sophisticated parts and long manufacturing processes. A study showed that out of the 43 models marketed by Nissan at the time, only four of them were profitable (Gill, 2012).

When Ghosn introduced the NRP one of its purposes was to communicate about Nissan’s distressed situation. He said: “I don’t want people to think this is a try. This plan has been set to be implemented 100%.” “There is only one rule. No sacred cows, no taboos, no
constraints" (Sivaramakrishna, 2004). When he presented the goals of the plan, Ghosn added the company did not reach these targets, the entire management team, including him, would need to resign (Froese, 2007). This symbolic statement showed just how serious the situation was and demanded accountability from everyone, including top managers. This was a very strong play on the natural Japanese need to avoid uncertainty. Once employees were aware of the actual situation, this cultural dimension helped to stimulate the sense of urgency and mobilize people at all levels.

The situation at Mitsubishi Motors was very similar to Nissan before the deal with DaimlerChrysler. The company's strong history of selling to the government made them a poor competitor in the global consumer market (Gill, 2012). They also had longer development times and focused efforts on engineering priorities instead of customer demands. In addition, there was a strong culture of saving face at MMC, which is at the root of the scandal where middle managers hid customer complaints from top-level managers. It was reported that 450,000 vehicles had been faulty but never reported officially within the organization (Gill, 2012).

However, when DaimlerChrysler came in, there was extremely little communication and transparency about MMC's critical situation. Eckrodt took a more consensual approach and assumed that everyone was aligned in thinking that cost cutting was the right approach to get the company back on track. By failing to do this, employees kept the sense of complacency that they could still rely on the strong Keiretsu system and managers were
still convinced that they would pull themselves out of the current situation without the help of DaimlerChrysler.

As a result, this clearly showed in the way the managers at both companies saw each other. The MMC managers were thought to lack commitment to implementing changes and were more concerned about carrying their own goals. On the other hand, the Daimler Chrysler managers were seen as opportunistic and thinking short term about their own benefits and targets (Froese, 2007).

Creating the guiding coalition

Ghosn was very experienced in the matter of creating a strong guiding coalition to lead the change project. He knew that the change had to be initiated from within Nissan and that the would be very poorly received if Renault managers were to dictate the change efforts from the top-down. This is why he created the Cross-Functional teams with Nissan managers to report to the board of director, which was comprised of Nissan and Renault top executives. He wanted the board to keep ultimate control of the decision-making, but he gave the CFTs a lot of power of investigation, with sponsors among the executive board members.

This structure played very nicely for several factors of the Japanese culture. First, the concept of cross-cultural teams appealed to the notion of collectivism of Japanese society. There was a strong expectation that everyone, including employees at lower levels, would contribute to the efforts of the CFTs and in providing recommendations for the Nissan turnaround. Secondly, this structure also helped direct line managers get a better
understanding of the situation and appealed to the uncertainty avoidance aspect of culture. Managers within Nissan became aware of the practices they needed to change since their recommendations to the board were binding. It gave them clear authority and refined their perimeters of actions. They became owners of the recommendations they were providing. Finally, because Renault managers were here only to facilitate the process and provide advice, they were seen as partners and allies (Ghosn, 2002).

In the case of DaimlerChrysler, there was little thought put into creating a strong guiding coalition. Eckrodt only created cross-functional teams for R&D, which is the only place where the alliance produced benefits. Some of the teams that were set up to lead the turnaround had no executive power to actually take action. On top of this, not a single Mitsubishi top manager was involved in taking decisions (Froese, 2007).

Eckrodt brought in German managers, too lead the turnaround. These were all under 40 years old and had little support, even from the Stuttgart Headquarters. As a result, the Japanese did not take these managers seriously. Many of the top Japanese executives were uncomfortable with receiving orders from younger men and did not respond to their authority. Because of the hierarchical nature of Japanese society, which was traditionally based on age and tenure, it seemed unnatural to have younger employees dictating orders at the top. Additionally, the apparent lack of autonomy from the Headquarters hurt these managers’ credibility and delayed the process.

**Developing a vision and strategy**
Ghosn made sure that the vision for the turnaround would come from Nissan employees. Ultimately, the CFTs proposed the recommendations that would lead to the NRP. This lead to the three goals that Ghosn set for Nissan to ensure the turnaround of the company. Ghosn was careful to make sure that this vision was first created and adopted by the Japanese managers to create the sense of ownership. When goals are co-created, the person who must implement them accepts them. Ghosn was extremely tactful in this regard.

There is very little evidence that the process of creating the strategy for MMC-DaimlerChrysler was as thought-out as the one for Nissan-Renault. Eckrodt took a very consensual approach and assumed that the MMC managers would agree with the German managers about the medium term goals for the turnaround. He announced the turnaround plan along with Sonobe, but didn’t take the necessary precautions to ensure that the MMC employees adopted it as well.

**Communicating the Change Vision**

In the Nissan-Renault alliance, the creation of the cross-functional teams and the fact that they were in charge of investigating the company and proposing recommendations already took care of much of the communication of the vision and strategy. This process bypassed many of the issues that can arise around communication. It was clear for everyone at Nissan that the vision was being built for the future and it grabbed all of the employees’ attention for what to do next. Furthermore, because Ghosn succeeded in creating a sense of urgency and because of the natural wish to avoid uncertainty, employees were eager to hear about the turnaround plans and the objectives.
On the other hand, DaimlerChrysler failed to promote communication within the organization on multiple fronts. First of all, the vision for the restructuring plan was communicated in a top-down approach with goals which were set without strong evidence and founding. Second of all, no structure was set up for departments to communicate with each other and coordinate efforts. This hampered efforts to find creative solutions as teams kept working in silos.

Finally, DaimlerChrysler had a “target-specific information” policy, where information was given on a need-to-know basis. Important information was only available to top management and most Mitsubishi employees were not aware of what was going on (Froese, 2007). On top of this being a generally bad management practice, this was especially in conflict with the Japanese trust-based style of business ethics. This also contributed to feelings of anxiety, spurred by the dimension of uncertainty avoidance.

In an attempt to correct this, DaimlerChrysler set up a series of formal meetings where more than 12 managers from Mitsubishi were present at any one time. These meetings were aimed to share the vision and to have managers report it to their employees. However, these meetings were regarded as highly inefficient, partly due to the size of the participant pool, and managers often did not communicate the information down to their employees out of frustration with the process (Froese, 2007).

Empowering Broad Based Action
At Renault-Nissan, Ghosn aligned processes with the global vision for the alliance. The alliance reduced costs, mutualized purchases, created firm-wide HR practices and made English Nissan's second business language. He redesigned HRM practices to create a profitable, lean and aggressive company. He changed the traditional promotion processes, which were based on seniority, to new ones based on meritocracy and performance (Ghosn, 2002 & Gill, 2012). The new compensation package also included a larger part of variable pay, bonuses and stock options. This was a challenging task to accomplish as it countered some of the notions of hierarchy that were embedded in the company and national culture. This was a necessary change and Ghosn was direct and outspoken in his approach, to emphasize his position.

Ghosn also faced the tough task of breaking up the long-standing Keiretsu that made the organization inefficient. Because the concept is based on the collectivist nature of the Japanese culture, this was a direct conflict with the corporate and national cultures as well. However, by showing the benefits that could be drawn from doing this and the capital that Ghosn was able to free up, managers at Nissan quickly understood the rationale behind it. These tough tasks were well executed because the atmosphere of trust had built up within the organization. It was clear that Renault was enacting these changes to align capabilities in the company with the vision.

Ghosn also succeeded in leveraging the collectivism aspect of Japanese culture in the way that he promoted the CFTs. He gave them some leverage in the company by making their recommendations binding. This helped to increase the sense of accountability for line
managers who were more likely to carry out the necessary change that they had discovered in their role on the CFTs. Although the teams had no decision power, which was retained by the executive board, no information was off limits in their investigations. This also played well with Japanese culture, as the decisions should be taken at the top. This empowerment of line managers also meant that they were more willing to communicate about the turnaround to their subordinates and to promote the culture of collectivism at that level. The CFTs were also assigned two sponsors from the board in order to promote the team’s effort and help them access any part of the company. This gave the teams even more leverage and legitimacy within the company. The sponsors were meant to break down the barriers and facilitate navigation of the firm. This structure was very effective to promote broad-based action within the company.

One of the main reasons that DaimlerChrysler was unable to implement the structural changes that were necessary to make the alliance successful was their failure to gain MMC employees’ trust from the beginning. As a result, MMC employees saw the DaimlerChrysler managers as a "passing storm" (Froese, 2007) and a lot of their orders were not implemented. Another reason for this failure is that the DaimlerChrysler managers who were on the ground in Japan did not have the full support they required from the Stuttgart headquarters. They did not have the autonomy to carry their own decisions. This explains why a lot of the changes were much slower there than in the Renault-Nissan case. This contributed to the negative image that Japanese managers had of their American and German counterparts. When Eckrodt and the Design team implemented the system to automatically log in customer complaints, he signaled that he would not trust managers to
do it. This reinforced the feeling of mistrust between the two parties. As was previously mentioned, this is a crucial part of the Japanese culture that Eckrodt blatantly missed.

**Generating Short-Term Wins**

Because the structure was extremely efficient and in-line with cultural factors of corporate and national culture at Nissan, Ghosn was able to produce quick wins quickly. This spoke to the Masculine nature of Japanese culture. Employees were relieved to see measurable improvements in Nissan’s financial health. The alliance was able to grab the “low hanging fruit” first and produce some immediate results within the first year, encouraging people to keep working on the NRP.

Many of the quick wins that Ghosn was able to realize just didn’t materialize for Eckrodt. One positive outcome was the return of the company to profitability thanks to the restructuring efforts in 2002. However, this did not help for long, as the failure to create a long term and healthy strategy in the US in 2003 brought the company down to its knees. Eckrodt was unable to gain MMC’s employees’ trust, to create the sense of urgency and to share the long-term vision for the company, because of his lack of consideration for the Japanese culture. As a result, none of the quick wins that he needed came true.

**Consolidating Gains and Producing More Change / Anchoring New Approaches in the Culture**

Ghosn in the case of Renault-Nissan, he showed that dismantling the Keiretsu, changing the purchasing process to mutualize with Renault, and rethinking the HRM practices were all
extremely beneficial measures. These steps were crucial to establish credibility and they were huge successes in the alliance. This created a new culture at Nissan where efficiency both in engineering and in management, would lead to positive financial returns.

Ghosn also showed that some practices were here to stay by being personally involved in making sure they were carried out. For example, he picked out the team leaders for the CFTs and listened to what they had to report. He kept being involved with those teams beyond the NRP to show that cross-functional efforts would be the rule, not the exception, going forward.

Thanks to his success with the NRP, Ghosn later announced the implementation of the "Nissan 180" plan, which aimed to build on top of what had already been achieved. In order to keep Nissan a lean and hungry machine, he pushed employees to grow the company. This was a great way to capitalize on the progress made and keep the company sharp.

On the other hand, there were very few successful changes that took place structurally at MMC-DaimlerChrysler. When the German-American carmaker decided to stop funding the MMC turnaround, this was a signal that the partnership was over. The two companies announced that they would keep collaborating on certain projects on a case-by-case basis.
3.4. Conclusion
During this process it seems like the two Japanese companies, which had major cultural biases preventing them from achieving a strong, performance and market-oriented state of mind were influenced in different ways. Ghosn on the one hand, was able to leverage the aspects of Japanese culture, which would help the process and enrich the transformation while Eckrodt, by failing to acknowledge important aspects of the culture, tried to impose his own management practices, and ended reinforcing some of the practices that had lead to Mitsubishi's downfall. Eckrodt's inability to see how his actions impacted on Japanese employees, together with a lack of awareness of the Japanese tendency to hide their dissension, blinded him to the reality that employees were engaged in passive resistance (Gill, 2012).

4. Conclusion
This paper successfully lays out the key considerations for managers when trying to implement change projects in International settings. It was not a controversial assumption to postulate that national culture could represent a strong barrier to leading these types of projects. However, this paper shows strong evidence supporting the claim that it is necessary to consider this "Cultural Sphere" at least as much at any of the other ones identified.

This paper first laid out some of the important definitions and historical research carried in the field of cross-cultural management. The historic work of Hofstede in his 1980, "Culture's Consequences: International Differences in Work-related Values" was a first step into characterizing aspects of National culture within the setting of a professional
environment. Hofstede's four dimensions at the time were later expanded to six, to compare and contrast across National cultures. In later works from Schneider in “Managing Across Cultures”, some distinctions were drawn between the various cultural spheres that are at play even within professional settings. This paper stresses the importance of all of these spheres, but only tackles national culture. Finally, culture is defined according to Ed Schein as “accumulated learning, and, if the group builds up a history, the beliefs, values, and norms by which it has operated become taken for granted and can be thought of as shared assumptions that become tacit and non-negotiable”. This implies that culture is dynamic and often shared by a restricted number of individuals.

The paper then described the Model for Change Leadership that was proposed by Kotter and widely adopted and used in the industry. It dives into each step of the framework, to highlight cultural assumptions embedded in the framework, due to its inception that looked at North American companies. It then proposes alternative ways of thinking and cultural differences that can create significant dichotomies with the assumptions embedded in the model. Highlighting these differences and interpretations serves as a basis to this of Change Projects in a new, innovative way that takes cultural differences into consideration from a National standpoint.

Finally, the paper superimposed Kotter’s framework with a layer of National Cultural considerations on two famous cases of Automobile alliances: Nissan with Renault and Mitsubishi Motors Company with Daimler Chrysler. These two cases were similar in many respect, with a foreign player looking at a Japanese car manufacturer as a strategic ally to enter the Asian market and acquire technical expertise, and a Japanese player needing financial and managerial help to engineer a turnaround. However, the case of Renault-
Nissan exemplifies the successful implementation of a turnaround in the context of different National cultures, by showing that instead of ignoring or suppressing cultural differences, there is a strong case to be made that they can in fact be leveraged. In the case of MMC and DaimlerChrysler, the blatant disregard of cultural differences and the lack of sensitivity to these issues resulted in a failure. German managers were unable to get the respect and buy-in from their Japanese counterparts that they would have required to help turn MMC around.

Although this paper is a first attempt at taking National Culture into account when thinking about Change Projects, further considerations should be given to other Cultural Spheres. The Nissan-Renault case also provides a great example of successful cross-functional teams. Further study of these other types of cultural differences would be helpful in giving Managers a full spectrum of considerations when leading Change Projects involving such diverse teams.
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