**Gill, C.** (2012). “The Role of Leadership in Successful International Mergers & Acquisitions: Why Renault‐Nissan Succeeded & DaimlerChrysler‐Mitsubishi Failed”, *Human Resource Management*, 51(3), 433-456.

Consistent with recommended culture change strategies, both leaders used ( (1) ) practices as a change lever. Schein (2004) proposes that the ( (1) ) processes of selection, dismissal, and rewards embed and reinforce organization culture. The Japanese approach to these processes was based on collectivism. Both Ghosn and Eckrodt introduced Western individualistic ( (1) ) practices. First, Ghosn and Eckrodt used allocation of rewards to break with Japanese cultural traditions based on collectivism and address ( (2) ) issues at Nissan and Mitsubishi that contributed to no sense of ( (3) ) or profit orientation. At Nissan, a performance-based incentive system replaced pay and promotion based on work attendance, tenure, and age rather than actual performance, which bred complacency and rewarded ( (4) ) and cooperation delaying decision making and diffusing accountability. In addition to this, cash and stock options that are quite ( (5) ) in Japan were given for performance, linked to operating profits and revenues. Cash incentives could amount to more than a third of annual pay packages, which benefited the organization’s bottom line because variable pay linked to company performance does not add to fixed costs. Managers were allocated ( (6) ) at the beginning of the year with clear criteria and rewards. Most of the criteria were quantitative so there were no debates about whether the goals were reached and there was a sense of transparency and fairness. Nissan also started to hire employees at higher entry salaries and gave them more frequent and considerable bonuses linked to the organization’s performance. There was a substantive shift to focus on results, which encouraged transparency and execution, improving accountability. Mitsubishi’s turnaround plan mimicked Nissan’s. Eckrodt eliminated the traditional system of promotion based on ( (7) ), replacing it with a system of rewards for good performance. Eckrodt also created a new “turnaround promotion” office reporting directly to him. In this way, Eckrodt signaled his desire to break with the Japanese tradition of promotions based on seniority. Second, Nissan challenged the ( (8) ) norm of guarantees of lifelong employment by reducing Nissan’s workforce by 14 percent (21,000 jobs). Nissan also ensured that new hires were credible and aligned to the changing Nissan. For example, when product planning needed to break free from its subordinated role to engineering, Shiro Nakamura was selected to manage this change because he symbolized Nissan’s revival. He was Japanese, so he was accepted by Nissan’s employees, but he also had a history of working outside the company and in other countries, so he was not affected by Nissan’s past. He had self-confidence, an international vision, strong industrial experience, and an open mind, so he could instill confidence in the product planning design teams. Ghosn selected employees who promoted his change vision and were able to execute his plan to address a lack of accountability and organizational ( (9) ). This signaled a break with the past and a desire to create a new organization while being sensitive to the cultural context. Eckrodt also broke new ground at Mitsubishi. In 2004, to meet cost-cutting targets, Eckrodt reduced Mitsubishi’s workforce by 14 percent (9,500 jobs from a total of 65,000) over a three-year period, breaking with Japanese norms of ( (10) ). In addition to this, Eckrodt replaced five top Japanese executives with Germans. Four of these new incumbents were under 40 years old. This shocked Mitsubishi veterans, because it was ( (11) ) to appoint young people to senior posts. It was even more unsettling because the promotions coincided with the forced retirement of 11 of the 38 senior Japanese executives. In contrast to Nissan, Eckrodt signaled change but did not gain commitment to the change because he was not ( (12) ) to the cultural context. In conclusion, both Nissan and Mitsubishi broke with the Japanese ( (13) ) traditions by addressing inefficiencies and eliminating lifelong employment and promotion through seniority. However, while these changes were important, they do not in themselves explain the ( (14) ) outcomes in Nissan and Mitsubishi.

**Instructions: Read the following questions carefully and choose the letter that best describes the answer.**

**Q1. Which of the following word fits (1)?**

1. Marketing
2. Logistics
3. HRM
4. Operation

**Q2. Which of the following word fits (2)?**

1. Integrity
2. Ethical
3. Transparency
4. Accountability

**Q3. Which of the following word fits (3)?**

1. Value
2. Pressure
3. Excellence
4. Urgency

**Q4. Which of the following word fits (4)?**

1. Competition
2. Consensus
3. Coalition
4. Coopetition

**Q5. Which of the following word fits (5)?**

1. Common
2. Famous
3. Rare
4. Valuable

**Q6. Which of the following word fits (6)?**

1. Incentives
2. Authority
3. Capital
4. Bonuses

**Q7. Which of the following word fits (7)?**

1. Seniority
2. Superiority
3. Minority
4. Superiority

**Q8. Which of the following word fits (8)?**

1. Cultural
2. Institutional
3. Legal
4. Spiritual

**Q9. Which of the following word fits (9)?**

1. Rigidity
2. Silos
3. Inertia
4. Inflexibility

**Q10. Which of the following word fits (10)?**

1. Long-term orientation
2. Institutional collectivism
3. Age-based promotion
4. Lifelong employment

**Q11. Which of the following word fits (11)?**

1. Unusual
2. Common
3. Remarkable
4. Widespread

**Q12. Which of the following word fits (12)?**

1. Understandable
2. Sympathetic
3. Sensitive
4. Indifferent

**Q13. Which of the following word fits (13)?**

1. Collectivist
2. Parochial
3. Close-minded
4. Uncertainty avoidance

**Q14. Which of the following word fits (14)?**

1. Poor
2. Meagre
3. differential
4. Inefficient