

Carlos Ghosn, A Leader Par Excellence

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Abstract: Leadership has become a major topic in various domains such as sociology, political science, psychology, history, management or business for several decades and has spawned a huge number of empirical and conceptual researches. Today's challenging and turbulent times require more than ever authentic and strong leaders both at the micro and macro level. The aims of the paper are to briefly define the concepts of leadership and leader, and to present the case of Carlos Ghosn, the chairman and chief executive officer of the Renault-Nissan Alliance. Since the beginning of his professional career, Ghosn has proved to be a leader par excellence. Our research is based on a literature review.

Keywords: leader, leadership, Carlos Ghosn, Renault-Nissan Alliance

JEL Classification: M10

1. Introduction

As one of the world's oldest preoccupations (Bass, 1990; Wren, 2007), leadership represents a complex phenomenon. During its history the human society has relied heavily on political, military, economic and social leadership in order to function effectively (King et al., 2009). Today's challenging and turbulent times require more than ever authentic and strong leaders both at the micro and macro level.

Leadership has become a major topic in various domains such as sociology, political science, psychology, history, management or business for several decades and has spawned a huge number of empirical and conceptual researches. Despite this level of effort, however, there is a lack of an integrated understanding of leadership as many parts of this vast body of literature still appear disconnected (Zaccaro and Klimoski, 2001).

The last decades have witnessed the expansion of a fierce competition at a global level in all industries. One of the most dynamic and highly competitive industries is the automotive industry. A plethora of forces (e.g., digitalization, automation, self-driving, ecomobility) has given rise to four key "disruptive technology-driven trends in the automotive sector: diverse mobility, autonomous driving, electrification, and connectivity" (Gao et al., 2016, p. 1). In order to cope with the accelerated pace of change the automotive companies all over the world have understood the need for high-performance leaders capable of both adjusting the organizational structures (Hirsh et al., 2016), and designing, implementing and developing new and innovative business strategies and models (KPMG, 2016). In this respect the

leaders of automakers have to continuously reinvent their companies to meet the numerous challenges of a new global automotive landscape (Deloitte Touche Tohmatsu, 2009; Stanley and Gyimesi, 2015).

The aims of the paper are to briefly define the concepts of leadership and leader, and to present the case of Carlos Ghosn, the chairman and chief executive officer of the Renault-Nissan Alliance. The research is based on a literature review.

The paper is divided in three sections. The next section presents the theoretical framework. The third section emphasizes the main characteristics of one of the most admired leaders in the automotive industry. The paper ends with conclusions.

2. Theoretical framework

The importance of the concepts of leadership and leader has been generally accepted in the business world and in the academic environment. There is a vast body of literature concerning the two terms and there are also many definitions of them, but none is universally recognized. Leadership is defined as:

- "a dynamic process in a group whereby one individual influences the others to contribute voluntarily to the achievement of group tasks in a given situation" (Cole, 1990, p. 215).
- "the ability to inspire other people to work together as a team, following your lead, in order to attain a common objective, whether in business, in politics, in war, or on the football field" (Geneen, 1998, p. 4).
- "influencing others to work willingly toward achieving objectives" (Dessler, 2001, p. 291).

• “a quality that enables a person to manage or administers others” (Collin, 2007, p. 229).

The above mentioned definitions show that leadership represents a complex concept. Firstly, leadership is a dynamic process. Secondly, it highlights the fundamental role played by leader who influence and guide other people towards achieving the goals of the group/organization. A leader is “someone who takes us elsewhere or causes us to do otherwise” (Galvin, 2000, p. 56-57), “a person who manages or directs others” (Collin, 2007, p. 228) or “one who influences others to attain goals” (Bateman and Snell, 2007, p. 394). Some of the most important features and behaviours (Table 1) of leaders are the following (Bennis and Nanus, 1985; Barnard, 1998; Segil, 2002; Dietz et al., 2004; Avolio and Gardner, 2005; Spillane, 2005; Sendjaya et al., 2008; Bennis, 2009a; Bennis, 2009b; Rondinelli and Heffron, 2009):

- have vision;
- conquer the context;
- show vitality and endurance;
- are honest and responsible people;

- are skilled and persuasive communicators;
- have the ability to influence, inspire and mobilize others;
- seek to empower and elevate followers;
- posses a high intellectual capacity;
- make their authentic selves (e.g., values, motives, goals) transparent to followers;
- act in situations that are defined by others’ actions;
- are able to express themselves fully;
- show their consistency of purpose;
- are trustworthy;
- innovate;
- are self-confident;
- identify and fully utilize their strengths;
- are original;
- develop their organizations;
- focus on people;
- ask what and why;
- have their eyes on the horizon;
- challenge the status quo;
- do the right things.

Table 1. Top kinds of leadership behaviour

1.	Be supportive
2.	Champion desired change
3.	Clarify objectives, rewards, and consequences
4.	Communicate prolifically and enthusiastically
5.	Develop others
6.	Develop and share a collective mission
7.	Differentiate among followers
8.	Facilitate group collaboration
9.	Foster mutual respect
10.	Give praise
11.	Keep group organized and on task
12.	Make quality decisions

13.	Motivate and bring out best in others
14.	Offer a critical perspective
15.	Operate with strong results orientation
16.	Recover positively from failures
17.	Remain composed and confident in uncertainty
18.	Role model organizational values
19.	Seek different perspectives
20.	Solve problems effectively

Source: Feser et al., 2015

In sum, the concept of leader proves to be a multidimensional concept that highlights its key characteristics such as integrity, empowerment, vision, responsibility or creativity. In this respect, Carlos Ghosn represents a valuable example.

3. Carlos Ghosn and leadership

Carlos Ghosn was born on March 9, 1954, in Porto Velho (Brazil), the capital city of Rondonia, near the border of Bolivia. In that time, the living conditions in the city were poor because of humidity, warmth, piranhas and mosquitoes. The water had to be boiled before people drank it. Most of the people did not earn enough money to live in a decent manner.

At the turn of the twentieth century, Bichara Ghosn (Carlos's grandfather) emigrated from Lebanon to Brazil at the age of thirteen. In the beginning he worked at different jobs to survive. Later, he opened a small store and sold the agricultural products of the local farmers. Determination, focus and a constructive attitude helped Bichara to become a successful small entrepreneur (Rivas-Micoud and Carvell, 2007). He expanded his business and began to sell the products

to other parts of Brazil and to neighboring countries. After the end of the World War II, Bichara was appointed consultant for the airline companies by the Brazilian government. He died in the early 1950s before the birth of Carlos. His son, Jorge, married a Nigerian-born woman from Lebanon.

At the age of two, Carlos drank unsanitary water and became terribly ill. As the doctor recommended his parents to leave Porto Velho, they decided to move to Rio de Janeiro. As Carlos did not fully recover after his near fatal illness, his mother took him and his sister and moved to Beirut (Lebanon). His father remained to work in Brazil.

Carlos completed his first ten years of education at Collège Notre-Dame de Jamhour, a Jesuit school. From an early age, he proved to be a competitive student. He was organized and focused, and worked hard at home in order to complete all his tasks. As Jesuits encouraged hard working and serious students, Carlos understood the importance of a favorable and stimulating school environment. He enjoyed going to school and learned a lot from his teachers. One of his favorite teachers was Father Langrovolle who had the ability to excite his curiosity, to explain in a simple way and to make him to

listen first and then think (Rivas-Micoud and Carvell, 2007).

As Carlos got high marks in high school, he decided to go to the best French universities. He then completed his classes préparatoires at the Collège Stanislas and the Lycée Saint-Louis de Paris. Later, Carlos earned degrees from the École Polytechnique and the École des Mines de Paris, two highly esteemed French engineering schools (Stahl and Brannen, 2013). During his studies, he lived in the Quartier Latin and, therefore, he took part in academic conferences, visited museums and art galleries, and met foreign students.

In 1978, Carlos was employed by Michelin, the largest European tire maker. He worked there for eighteen years. Carlos started his professional career on the shop floor, wore a blue uniform, met the workers and managers, and got acquainted with the machines and equipments. In a short period of time, he was promoted as a supervisor. Carlos talked permanently with the workers, encouraged and motivated them. He continued to advance in his career and was appointed plant manager in Le Puy (France) although he was the youngest person of the factory.

The management of Michelin quickly remarked his leadership skills. At the age of thirty, Carlos was dispatched as chief operating officer to Michelin Brazil who encountered serious problems and lost money during the economic crisis from the mid 1980s. He regularly visited the factories and discussed with managers, labor unions and workers. In order to reduce the company's debt, Carlos created cross-functional teams, understood the need to think quickly and make accurate decisions, and learned the

value of patience (Rivas-Micoud and Carvell, 2007). In less than three years, Michelin Brazil transformed itself into one of the most successful subsidiaries of the French giant.

Carlos was sent to the United States of America as the chief executive officer of the Michelin's North American unit. After the acquisition of Uniroyal-Goodrich Tire Company, Carlos had to combine two different corporate cultures. He succeeded in restructuring the American subsidiary and the Brazilian, French-educated engineer demonstrated once again his leadership genius.

His abilities in transforming troubled businesses into successful ones caught the attention of Louis Schweitzer, the president of Renault (Stahl and Brannen, 2013). The French automaker recruited Carlos who became number two in the company. He immediately drafted a restructuring plan that "brought the French carmaker back into the black" (Davidson, 2009, p. 269).

The Renault-Nissan Alliance emerged at the end of the 1990s. In 1999, Renault took 36.8 % equity stake and corresponding voting rights in Nissan Motor Company and, later, Nissan took 15 % of Renault. Nissan's huge indebtedness raised big problems to Renault. Carlos was appointed chief operations officer of Nissan and he launched the Nissan Revival Plan in October 1999. By using the financial and managerial resources provided by the French automaker Nissan returned to profitability in 2001. Ghosn got the nicknames "le cost killer" and "Mr. Fix It". Today, he is chairman and chief executive officer of the Renault-Nissan Alliance. Under his leadership, Renault-Nissan holds the fourth place in the global automotive industry.

Since the beginning of his professional career, Carlos Ghosn has proved to be a

leader par excellence. This statement is based on the following explanations:

- Ghosn's leadership is built on five fundamental principles (Rivas-Micoud, 2007):

I. clear vision.

II. goals and commitment.

III. transparency.

IV. valuable marketing and catching products.

V. results-oriented management.

- He has shared his vision with the employees. Ghosn has appealed to people's values and made them understand what he wanted. He has succeeded in turning complex problems into terms easy for every employee to understand. He has been a living example of the values he believes in such as integrity and hard working.

- Ghosn has always challenged the conventional beliefs and practices, and provoked change. He created cross functional teams comprising people from different departments of the company to work together and solve problems. Also, he has leveraged the cultural diversity as a source of learning, innovation and synergy.

- He has respected, encouraged and motivated people permanently. He has shown appreciation and provided rewards to the best employees.

- Ghosn has shown great vitality. He has always been a hard working person nicknamed "Mr. 7/11". Also, he has traveled extensively and visited his companies' major subsidiaries.

- He has proved an exceptional ability to think both tactically and strategically in opposite sides of the world.

This is why Ghosn is renowned as the "leader without borders" or the "quintessential global executive" (Stahl and Brannen, 2013).

Conclusions

In the last decades, leadership and leader have been two of the most debated concepts in the business literature. The paper provides the theoretical framework to better understand the meaning of the two concepts. It also shows that they are complex and inter-related concepts.

In today's competitive business world companies need strong leadership. This is why high-performance leaders are vital for any successful business in order to cope with an unpredictable environment. The paper demonstrates that the prosperity attained by the Renault-Nissan Alliance owes much to his chairman and chief executive officer, Carlos Ghosn, a leader par excellence.

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