
ORGANIZATIONAL BEHAVIOUR

ASSIGNMENT: A PERSON OF DISTINCTION

MR. CARLOS GHOSN
(CEO OF NISSAN AND RENAULT)

Luiz Valério P. Trindade, January 24th, 2006

1 – INTRODUCTION

I decided to write about Mr Carlos Ghosn because even though he is a very successful and well know executive among worldwide business community, unfortunately he is not so well know in his home country Brazil.

It is difficult to point out the exact reasons for that but, on my point of view, this has happened mainly for the following factors:

1 – He does not have a business history within the country, or else, up to now, he has never run any company in Brazil.

2 – He was born in Brazil but raised in Lebanon and educated in France and, as a consequence, he did not have a chance to establish a greater bond with our business community or the society as a whole.

3 – Historically, Brazil has had a great influence of American companies and its way of doing business. Consequently, as a general rule, what happens in Europe or Asia takes a little bit longer to have an impact in our business community.

2 – SHORT BIOGRAPHY

Mr Carlos Ghosn (52 years old) was born in a city called Porto Velho (Estate of Rondonia in the Northern Region of Brazil). He then spent all his childhood in Lebanon with his parents and afterwards he moved to France where he got his degree in Engineering.

There he started his career working for Michelin (tire manufacturer). Some years later he went to work for Renault also in France and on this company he made his way up to the top positions.

In 1999, Renault and Nissan established a global alliance in a way that the French became owner of 44.4% of Nissan whereas the Japanese got 15% on Renault. At this time, Nissan had been experiencing loss of around US\$ 6.5 billion.

Mr Ghosn was then sent to Japan by Renault's board with the clear mission to save the company and he succeed on this assignment in a way that now he has become the CEO of both companies. Under his management, Nissan has reached an astonishing figure of US\$ 8 billion operational profit what represents the highest figure on this business segment all over the world (10%).

3 – PERSONALITY (Chapter 2)

As already said on the short biography, Mr. Ghosn was born in the Northern Region of Brazil, raised in Lebanon and got his Engineering degree in France.

Given this fact, I believe that consequently, there is no doubt that those diverse environments had an impact on the shapping of his personality.

What I consider to be the highlights of his personality attributes are the Locus of Control, Self-Esteem and Risk-Taking due to the following evidences:

- a) Locus of Control:** He was once asked what is the explanation for a Brazilian (considered a third world country) reaches such a high organizational position in a US\$ 130 billion revenue world-class company and he answered that

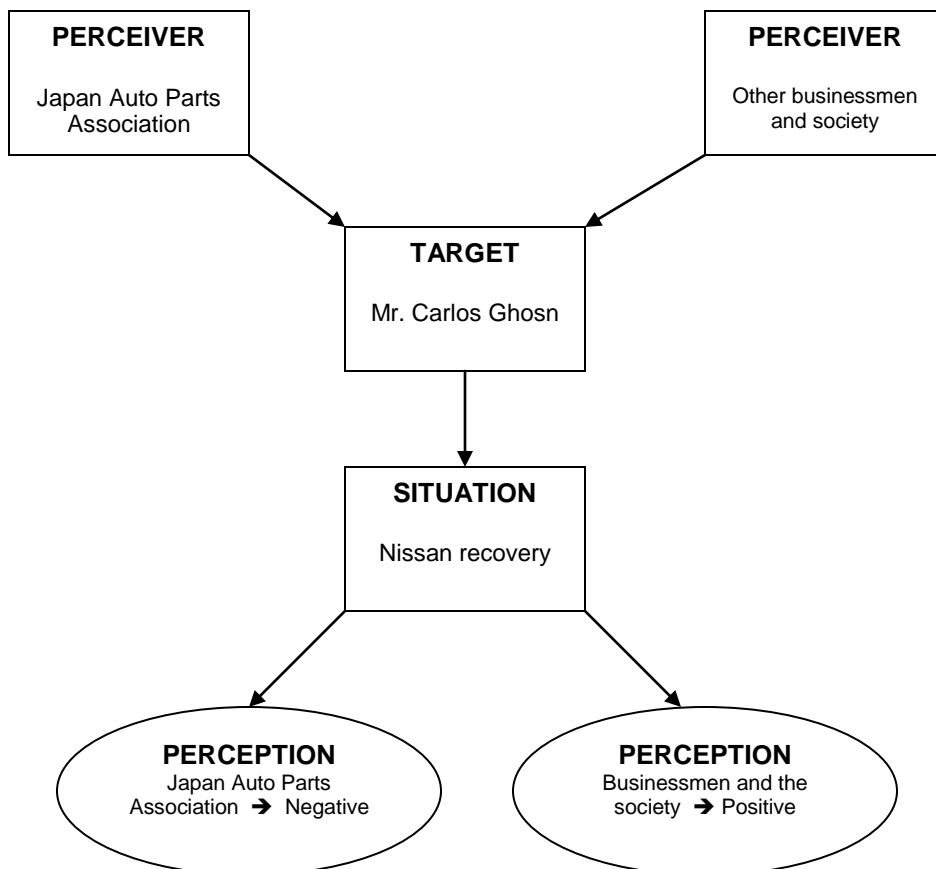
he had no explanation for that. He believes that life is richer than you imagine and that it gives you lots of opportunities. You have got to believe in yourself and follow your path.

b) Self-Esteem: I think that is quite evident that he has got a high degree of Self-Esteem but I would also say that he has got a balanced degree of this attribute because even though he is considered a myth within Japanese business community, he considers that a myth is not about a person but rather about something such person has done. That is where the myth lies, he says. On the company performance and not on the person itself. Every time a company excels in its performance, its leader gets influence and prestige.

c) Risk-Taker: That is the most remarkable attribute of all because once he was assigned to manage Nissan in 1999 he said to the shareholders that he would quit his job if the company was not profitable again within a year. Under his management, not only the company experienced profits for many months in a row but also had a record profit of US\$ 2.3 billion by fiscal year ended in September 2001.

4 – PERCEPTION (Chapter 2)

What regards perception, I believe that he is a good example of the dynamics of the factors that can cause different perceptions.



What the diagram shows is that Mr. Ghosn (The Target) is subject of two different perceptions due to the Perceivers motives, interests and expectations.

The Situation is that Nissan had been facing continuous losses in profitability and market share and needed to be fixed somehow. He was assigned to make it happen and he accepted the challenge.

His iconoclast behaviour and attitudes (such as shaking hands with every employee he meets, cut 21,000 jobs at Nissan and shut the first of five domestic plants) have made him public enemy number one to Japanese traditionalists and the influential Japan Auto Parts Industries Association.

On the other hand, due to his successful results with the company, he is also considered a myth among other businessmen and in the Japanese society in a way that he has become the main character of a 500,000 circulation Manga.

5 – VALUES (Chapter 3)

We have discussed along the classes about values and their importance to the study of Organizational Behaviour because they lay the foundation for understanding attitudes and motivations.

On this sense, I consider that cross-cultural values did have an impact on the establishment of Mr. Ghosn own values according to Hofstede's Value Dimension as shown below:

Country	Power distance	Individualism	Quantity of life	Uncertainty avoidance	Long-term orientation
Brazil	Low	High	Moderate	High	Low
Lebanon	Not available	Not available	Not available	Not available	Not available
France	High	High	Moderate	High	Low
Japan	Moderate	Moderate	High	Moderate	Moderate

Unfortunately, I do not have data available about Lebanon in order to make a full comparison, nevertheless, it is possible to notice that:

Power distance: He has experienced both extremes (Low in Brazil and High in France) and nowadays he is under the influence of a Moderate dimension in Japan.

Individualism x Collectivism: Brazilian business environment has suffered a great influence of the American way of doing business and mainly for that reason individualism is High. Mr. Ghosn has faced the same dimension in France and in Japan this is slightly different.

Quantity x Quality of life: On this dimension Mr. Ghosn has faced an opposite situation because he went from more moderate and balanced environment towards a more unbalanced one.

Uncertainty avoidance: Brazil has a long history of high inflation and due to that there is a great tendency of people avoid uncertainty. Mr. Ghosn was born on this environment and educated in a society that (certainly for different reasons) also avoid uncertainty and went to Japan where there is a greater balance on this dimension.

Long-term x Short-term:

Also due to the history of high inflation, people did not use to consider long-term and once again Mr. Ghosn faced a similar situation on this dimension.

6 – LEADERSHIP (Chapter 8)

The success and the results obtained by Mr. Ghosn speak by themselves, however, it is still possible to analyse if he is more likely to be considered a Manager or a Leader.

#	Manager	Leader	Evidence
1	Engages in day-to-day caretaker activities.	Formulates long-term objectives for reforming the system.	"We have to prioritize the future rather than the past in order to make the company prosper", he said.
2	Exhibits supervisory behaviour.	Exhibits leading behaviour	
3	Administers subsystems within organizations.	Innovates for the entire organization	He defied Japanese business etiquette by shaking hands with every employee he meets
4	Asks how and when to engage in standard practice.	Asks what and why to change standard practice.	
5	Acts within established culture of the organization.	Creates vision and meaning for the organization.	When assigned for the task, he presented the reality to all shareholders in the company (high debts and vanishing profits). It was necessary to understand it and take actions to turn it around.
6	Uses transactional influence.	Uses transformational influence.	He changed the way employees were recognized in the company. From fixed salaries and seniority to meritocracy.
7	Relies on control strategies to get things done by subordinates.	Uses empowering strategies to make followers internalize values.	
8	Status Quo supporter and stabilizer.	Status Quo challenger and change creator.	He cut 21,000 jobs and shut the first of five domestic plants.

With all those evidences (in bold letters above) I do believe that he can be considered a Transactional Leader within his organization.

I do not have enough elements to assure the degree in which he has been able to inspire his followers with his vision but on the other hand I think it cannot be denied that he has also got Charismatic Leadership due to the fact that he is admired by the Japanese society and considered a myth given his successful accomplishments (or the company's accomplishments under his leadership to put it in a better way).