ADVANCES IN GLOBAL LEADERSHIP
ADVANCES IN GLOBAL LEADERSHIP

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The number of leaders affected by globalization is growing. Leading and collaboration across geographical, cultural, organizational, and professional boundaries are becoming an integral part of leadership for many — even if they do not travel around the world frequently. Succeeding in global leadership requires an understanding of the context in which global leadership is performed. The context indicates which competencies are needed, how to create constructive relations and choose relevant leadership actions, to mention just a few important factors. This book provides new perspectives and inspiration to everyone who has an interest in global leadership and offers new insights on context as an essential concept in global leadership.

Danielle Bjerre Lyndgard, Senior Advisor, Confederation of Danish Industry, Denmark

This is a bold attempt to take on the pressing issues in global leadership head-on. From a thoughtful analysis of Carlos Ghosn to interviews with Manfred Kets de Vries and Dean FRANZ Heukamp, Volume 12 of Advances in Global Leadership weaves theory and practice of global leadership beautifully. If you are crisscrossing countries for your job, this is a treasure trove of ideas you will find immensely useful. For an international business or a leadership scholar, it is a great resource to know where the field is, and where it is headed.

Charles Dhanaraj, H. F. Gerry Lenfest Professor of Strategy, Fox School of Business, Temple University, USA

In today’s technology-focused marketplace, CEO surveys routinely rank “global talent” as their top concern. Searching the globe for world-class talent can be difficult, but at some point, above market pay will solve the problem. A much more difficult challenge is extracting maximum business value from that talent. That is a core task of every global leader, and that is the purpose of this volume of Advances in Global Leadership. It will be a great addition to any global manager’s library.

Brad Hall, Ph.D., Senior Advisor to the Chief HR Officer, Huawei Technologies, Shenzhen, China

Advances in Global Leadership has been an authoritative reference for those interested in evidence-based insights on global leadership for over a decade. This volume continues in that tradition with a focus on leadership in global work contexts. The papers in the volume challenge our understandings of global leadership in the context of inter alia the increasing fragmentation of work, the fall from grace of high profile global leaders, and the impact of an increasingly volatile, uncertain, complex, and ambiguous context on global leadership. It is a must-read for scholars and reflective practitioners alike.

David G. Collings, Professor of HRM, Dublin City University, Ireland

With increasing interdependencies of global markets and interconnectedness of global communities, the role of global leaders is becoming more important. Volume 12 of Advances in Global Leadership contributes to the expansion of knowledge around global leaders. AGL continues as a valuable resource to both scholars and practitioners by providing informative and interesting articles on the latest in global leadership learning and guides researchers on opportunities to contribute to the global leadership field. AGL is a must-read for anyone in the global leader domain.

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ADVANCES IN GLOBAL LEADERSHIP

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Tonya G. Ensign’s (PhD, Global Leadership and Change) career spans executive leadership and teaching roles at a Fortune 100 company, high tech start-ups, growth-stage companies, and higher education. While a Director at Honeywell, she conducted research for her Master’s thesis and applied her knowledge of intercultural sensitivity while developing, rolling out, and teaching global leadership development (GLD) programs internationally. After Honeywell, she became an investor and operator in dozens of companies where she has developed and delivered GLD and transformative learning initiatives for 15 years. Dr Ensign also taught as an Adjunct Professor and Doctoral Graduate Assistant. She is a practicing Executive Coach and her research contributes to adult learning theory, specifically transformative learning across disciplines. Her current practice leverages her research and career experience to deliver innovative, transformative
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NEW ADVANCES IN GLOBAL LEADERSHIP: INTRODUCTION TO VOLUME 12

Joyce S. Osland, Betina Szkudlarek, B. Sebastian Reiche and Mark E. Mendenhall

On the editorial front, our major announcement is that we bid a regretful farewell to Lily (Ming) Li after 10 years as co-editor of *Advances in Global Leadership* (*AGL*). We will sorely miss her sharp eye as a reviewer, as well as her rock solid dependability and collegiality. We filled the hole she left with two excellent co-editors, Sebastian Reiche of IESE and Betina Szkudlarek of the University of Sydney. They have already made invaluable contributions to Volume 12, in keeping with our mission and focus:

As one would expect from the name of this book and e-journal, *Advances in Global Leadership* publishes research and well-crafted essays that grow and advance the field of global leadership. We seek papers that close identified gaps in foundational research: construct definition clarification, theory development, identification of antecedents, outcomes and effective performance measures, assessment instruments for selection and development purposes, and developmental methods and processes, as well as richer descriptions and observations of phenomena and comprehensive literature reviews. We also echo calls for synergies between the field of traditional leadership and global leadership, given the limited theoretical and empirical cross-fertilization between these two fields (Osland, Mendenhall & Li, 2019, p. i).

As one would expect in a relatively young field, the term ‘global leadership’ has been defined in many ways, creating sampling confusion and occasionally muddying the line of demarcation between the distinct fields of global and comparative leadership. *AGL*, therefore, adheres to a narrower definition of global leadership created by scholars who tackled head on the construct definition of global leadership:

The process and actions through which an individual influences a range of internal and external constituents from multiple national cultures and jurisdictions in a context characterized by significant levels of task and relationship complexity (Reiche, Bird, Mendenhall, & Osland, 2017, p. 556)

In our annual Call for Papers, we request traditional foundational research topics in addition to a featured area that merits greater attention. In Volume 12, we called specifically for research on “leadership in global work contexts,” based on the following arguments. We are witnessing an increasing fragmentation of
how global work gets done, for example, in the form of face-to-face or virtual work arrangements, or through individual project work and freelancing, as well as varied forms of dispersed teamwork. These work contexts have a myriad of implications for global leadership, such as how do global leaders lead effectively when they are physically not present, or how do global leaders bridge the duality of local and global work contexts? In addition, global leaders face a number of novel contextual characteristics, such as digitalization and talent platforms, and a broader move from full-time employment toward temporary forms of work as part of the sharing economy (Cascio & Boudreau, 2016). This will have profound implications for how leaders define their roles and exert influence. Similarly, the increased prevalence of self-managed organizational structures (Lee & Edmondson, 2017) questions the role of traditional forms and approaches to global leadership. Global leadership is equally salient in other global work contexts, such as tertiary education, public administration, social entrepreneurship, government, and non-profit organizations.

Context in the form of globalization characteristics has long been framed as a determinant of the requisite global leadership competencies (Lane, Maznevski, & Mendenhall, 2004). However, the papers in Volume 12, all of which relate to context in varying degrees and ways, reveal a more complex view of the role of context. They demonstrate that context can take on different meanings and roles as a variable in our theorizing on global leadership. For example, in the case of Carlos Ghosn’s fall from power, Bird emphasizes the difficulty of fully understanding the cultural context; Ikegami and Maznevski took into consideration different domains — the cultural, organizational, and global business context — that determined in large part which global leadership actions and principles would be effective or ineffective. Their analysis, as well as Mohan and Lee’s research, emphasizes the temporal aspect of context, resulting in the global leader’s need for constant scanning and behavioral agility. Similarly, our research models have to measure the context at appropriate intervals when changes over time cause different effects in dependent variables or change the relationship among variables. An historical perspective on context, yet another domain, is also relevant, as discussed in Gyamfi and Lee’s research highlighting the post-colonial legacy in making sense of global leadership in the African context. The VUCA (volatile, uncertain, complex, ambiguous) context and its impact on global business people are linked in both Curran’s essay on the tensions that impact global identity and in Leki’s description of the high-stress diplomatic world and the resulting need for resilience leadership. Several papers have a shared organizational context (business schools) that requires different emphases and developmental methods (Mohan & Lee; Kets de Vries; Reiche’s interviews). Continuing this focus on context as the driver of personal adaptations in global leaders, Ensign identified developmental triggers in a literature review of Mezirow’s theory of adult learning. These triggers exemplify the various contexts that can prompt personal development and remind us that cognitive processing is linked to specific contexts. Cotter and Reichard’s research looked at how well-equipped students were to engage with, handle the stress, and take advantage of the study abroad context. We hope these varied
populations, settings, and relationships contribute to a broader use of context in the future global leadership theory and research.

Volume 12 covers interesting empirical papers on both novel and traditional global leadership topics as well as valuable practitioner insights, all of which are briefly introduced further.

**PART I: CONCEPTUAL AND EMPIRICAL FINDINGS**

We commissioned *Chapter 1* due to our curiosity about the imprisonment of Carlos Ghosn, former Chairman and CEO of the Renault–Nissan–Mitsubishi Alliance, which is often described as the third largest automotive group in the world. Given his leadership skills and unique success as a foreign CEO in Japan, Ghosn has been the focus of several teaching cases on global leadership, earning the sobriquet of “the poster child of global leadership” (Osland & Bird, 2008).

Researchers and consultants Jusuke (JJ) Ikegami and Martha Maznevski, who had published previously with Masataka Ota on Ghosn’s ability to take advantage of the asset of foreignness (Ikegami, Maznevski, & Ota, 2017), wrote “Revisiting Carlos Ghosn’s Global Leadership Style: Making Sense of His Fall from Power.” Their analysis considers the combined leadership and organizational factors that eventually reveal the liabilities of Ghosn’s foreignness.

As a bonus, *Chapter 2* features a commentary on their paper by Allan Bird, whose extensive training and years of experience in Japanese culture and business provide yet another perspective on Carlos Ghosn’s fall from power. He frames Ghosn’s experience in terms of the challenges and ambiguity that prevent deep cultural understanding and the difficulty of knowing how much local cultural knowledge is enough, in light of all the other work demands placed on global leaders.

In *Chapter 3*, “Temporal Dynamics of Collective Global Leadership and Team Psychological Safety in Multinational Teams: An Empirical Investigation,” researchers Gouri Mohan and Yih-teen Lee investigate the relationship between collective leadership and team psychological safety. Their longitudinal investigation of 76 teams uncovered temporal dynamics and the interdependence between these two constructs. Their findings underscore the importance of psychological safety early in a team’s life cycle for the development of collective leadership in multinational teams, which, in turn, enhances subsequent levels of psychological safety in teams in later stages. The authors recommend supporting psychological safety in both the initial and end stages of multicultural teams.

In *Chapter 4*, researchers Katherine Cotter and Rebecca Reichard examine in “Developing Cultural Competence Through Engagement in Cross-Cultural Interactions,” the impact of cross-cultural psychological capital, engagement in cross-cultural interactions, and stress during those interactions on cultural competence. Their quantitative investigation of 135 undergraduate students participating in a study abroad program shows that cross-cultural psychological capital and stress impact cultural competence directly, but also indirectly through level of engagement in the interaction. The degree to which students...
involve themselves in the foreign experience makes a difference. The authors highlight the importance of cultivating cross-cultural psychological capital and the significance of stress management skills to facilitate interactions across cultural boundaries.

In Chapter 5, “Toward a Framework of Contextualized Assets and Liabilities in Global Leadership: Identity and Power Implications in an African Context,” scholars Nana Yaa G Yamfi and Yih-teen Lee take a qualitative grounded theory approach to investigate the interplay between global leadership, power dynamics, and cultural identities in Ghana. Through in-depth interviews of managers of multinational enterprises operating in Ghana, the authors propose a conceptual model of assets and liabilities in global leadership. By contrasting the perspectives of both local and foreign global leaders, the authors illustrate that there are both assets and liabilities to being either foreign or local in the African context. Their research opens up new avenues for contextualizing global leadership and increasing its impact, while remaining sensitive to power inequalities stemming from colonial influences.

Kathleen Curran’s conceptual article in Chapter 6, entitled “Global Identity Tensions for Global Leaders,” continues the focus on identity begun in Chapter 5. In this conceptual paper, Curran, a consultant and doctoral student, argues that a global context characterized by complexity and paradox calls for new thinking on global identity. She argues that there are four tensions a global identity has to manage in hybrid cultural contexts and suggests a new developmental paradigm for building global identity.

In Chapter 7, “Triggers of Transformative Learning in Global Leadership Development: The Disorientation Index,” Tonya G. Ensign draws on her dissertation research on transformative learning theory and the adult learning literature to discuss the value of disorienting experiences as a necessary trigger for global leadership development. To that end, Ensign, a consultant, conducted a multidisciplinary review of disorienting experiences across different learning theories and pinpoints the role of trigger events in existing global leadership process models. Based on content analysis of the relevant literature, Ensign identifies eight dimensions of disorienting experiences to create a Disorientation Index that can serve as a pedagogical tool for global leadership development.

PART II: THE PRACTITIONERS’ CORNER

In Chapter 8, Manfred Kets de Vries outlines the value and process of executive group coaching as an effective intervention for global leadership development in “Executive Group Coaching: Interventions Not for the Faint of Heart.” In contrast to individual coaching, group coaching addresses the entire team as a system, thereby harnessing the collective wisdom of the group and developing executives within a team context. Kets de Vries’s background as both management scholar and psychoanalyst provides a unique perspective on team coaching, a method he has successfully crafted and implemented across many leadership programs at INSEAD and in his own consulting work with global executives.
Chapter 9 features an interview by Sebastian Reiche titled “An Interview with a Pioneer of Global Leadership Development: Manfred Kets de Vries.” Our curiosity compelled us to seek out Kets de Vries’ views, given his contributions and decades of experience in the field. He graciously shared his reflections on the current state of global leadership development, the role of business schools in producing global leaders, and the various techniques he has found to be effective in both his teaching and consulting. Kets de Vries emphasizes the importance of creating a safe environment that allows global leaders to open themselves to personal and professional change.

Chapter 10, “Growing Global Resilience Leadership: Working with Diplomats,” highlights the unique context in which diplomats lead. Ray Leki, director of the Transition Center at the Foreign Service Institute, which is part of the US State Department authored this chapter. Leki is also Senior Interculturalist in Residence and an Adjunct Professor at American University’s School of International Service. Leki’s extensive expertise and knowledge, gathered through several decades of work with diplomatic staff, guides his reflections on the individual and organizational resilience needed to operate successfully in highly volatile, dynamic contexts. The paper provides valuable insights for advancing global leadership theory and practice beyond the diplomatic context and emphasizes the importance of resilience, a topic that has not received much attention in the global leadership literature.

Chapter 11 features another business school perspective in an interview by Sebastian Reiche with Prof. Franz Heukamp, Dean of IESE Business School in Spain. Dean Heukamp explains what corporations expect of business schools, how companies’ demands have changed over time, and then offers his view of effective global leadership training in the business school context, using IESE Business School as an example. IESE is known for its innovative programs in global leadership.

Finally, in Chapter 12, “Global Leadership Research: Where Do We Go From Here?”, the editors analyze all the global leadership research published in 2018 and compare it to a summary of the 2010–2014 global leadership literature. In addition to documenting an increasing rate of publication, the editors lay out three future research directions for scholars.

ACKNOWLEDGMENTS

We would like to recognize those who made important behind the scenes contributions to this volume. We are grateful to Niall Kennedy, publisher at Emerald Group Publishing, Inc. for his support and to Sophie Darling and the entire production team. Anu Sairaj at the Global Leadership Advancement Center merits special recognition for her role in coordinating and supervising the infinite details involved in manuscript preparation.

This book would not be possible without the funding Dr Osland received from the Lucas Foundation and their generosity to the Global Leadership Advancement Center, housed in the School of Global Innovation & Leadership at San Jose State University. She also extends her thanks to Dean Dan Moshavi, Prabha Chandrasekar, and Rick Zentler.
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Mark Mendenhall is grateful for the support of the Gary W. Rollins College of Business and the J. Burton Frierson Chair of Excellence in Business Leadership at the University of Tennessee, Chattanooga.

Research volumes like this one are seldom birthed without the support and sacrifice of the families. This volume is dedicated with special gratitude to them and to an extraordinary donor and an exemplary scholar whom we honor in memoriam.

- Joyce: To Asbjorn and our family. In memoriam, to Don Lucas, a remarkable man and entrepreneur who made a noteworthy contribution to the field of global leadership by funding research, Best Research Awards, and global leadership development.
- Sebastian: To my parents Kurt and Marion, and my three greatest sources of support and inspiration: Megan, Marie, and Louisa
- Betina: To my wonderful family: Lenny, Sammy, Martin, and Lidia, for their love, support, and patience.
- Mark: To Karsten Jonsen, a wonderful colleague who left us way too soon and whose correspondence and banter about football (soccer), FC Barcelona, the leadership style of José Mourinho, and the New Zealand All Blacks I deeply miss. Thank you, Karsten, for your humanity and your charity toward all who crossed your path.

We join Mark in honoring the memory of Karsten Jonsen who contributed so much to our field and our lives.

REFERENCES


PART I
CONCEPTUAL AND EMPIRICAL FINDINGS
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REVISITING CARLOS GHOSN’S GLOBAL LEADERSHIP STYLE: MAKING SENSE OF HIS FALL FROM POWER

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ABSTRACT
Carlos Ghosn, ex-chairman and CEO of Nissan and Renault, once admired as a role model of a global leader, was jailed in November 2018. This chapter examines why Nissan senior executives took the controversial step of reporting Ghosn’s alleged behavior to the Prosecutor’s office, knowing it would send him to jail, rather than manage the situation internally. Clearly, the trust that Ghosn had built during the Nissan revival was no longer alive. We describe three phases across two decades of Ghosn’s leadership in Nissan. In each phase we analyze the relationship between Ghosn’s behavior and the business outcomes, on the one hand, and Ghosn’s relationship with the senior leaders at Nissan, on the other hand. Ghosn built trust with Nissan leaders in Phase I through his skillful global leadership and positive social processes. The trust was reinforced on its own momentum through Phase II. Starting with Phase III, mistakes in managing social dynamics became evident: Ghosn did not adjust his social relationships at Nissan, following changes in the environment and the organization. He became disconnected from the Nissan senior executives and employees, who eventually blew the whistle on his behaviors. Ironically, it seems that many of the factors that led to Ghosn’s success at Nissan turned into factors which led to his downfall. Ghosn’s case tells us that the virtuous circle of leadership can sometimes spiral so far that it is taken for granted. Neglecting to tend this virtuous circle can unravel it.

Keywords: Global leadership; alliances; trust; leader mistakes; cross-cultural management; Carlos Ghosn
On Monday, November 19, 2018, I was just wrapping up the first day of the eighth cohort of the Global Resilient Leadership Program (GRLP) in Tokyo. The program, sponsored by the Nissan Foundation, was launched in 2014 after two years of intensive discussions with Nissan. Its aim was to help Japanese business leaders become better at implementing strategy and leading in global environments. We drew partly on Nissan’s turn-around and new market entries to illustrate frameworks and leadership principles, and the climax of the program was a final half day at Nissan’s headquarters, including a two-hour unscripted dialogue with Carlos Ghosn. This cohort was typical—just under a third of the 30 executives were from Nissan itself; the rest were from blue chip companies throughout Japan. The first seven cohorts had gone very smoothly, and there was every indication this one would be the same.

I was reflecting that the program was starting to create a good legacy in Japan. Along the journey, we had had many opportunities to interview Ghosn and other senior leaders at Nissan and in the Renault—Nissan Alliance, resulting in cases, academic conference presentations, a peer-reviewed article, and a Japanese book of Ghosn’s insights that had immediately become a best seller in Japan. We never thought Nissan and Ghosn were perfect—but there were some turnaround and success stories, and innovative ways of implementing strategy, that provoked different ways to think about leadership and strategy for us. What more would I learn with this cohort?

Then the announcement came. Carlos Ghosn had been arrested and was on his way to jail. We were all in shock. My first thought was about what we would do with our program! Shortly after came a text from my colleague Martha, who had helped build the program and research agenda with us: “I’m sure we’ll write a case about this someday! This week just focus on living the learning experience.” “Yes we will.” I responded. The effect on me was quite simple and immediate. I had to quickly re-organize the five-day intensive program after it had started, without the key Carlos Ghosn session and without some key senior leaders from Nissan. Thankfully, it seemed most participants appreciated our fall back plan, and we completed it successfully. But always, on all our minds, was the question: what had happened?

The effect on others was much more profound. This chapter is our attempt to make sense of Ghosn’s fall from power by re-examining the research that we and others have conducted and how the situation evolved in the last decade. We do NOT examine the question of whether Ghosn is guilty of the financial misconduct charges for which he is under investigation. We leave that for people with evidence and legal responsibility. We focus instead on the fact that Nissan’s senior leadership reported the alleged misconduct to the public prosecutor’s office before addressing the charges internally with Ghosn. This is highly unusual in Japan, and it is seen as a clear fight or argument. This act signaled a deep rift between Ghosn, on the one hand, and the Nissan executives, on the other hand. As we and many others have written, 10 years ago Ghosn had a strong trusting relationship with these groups. When and how did that change, what were the impacts of the
change, and what lessons can we draw from this experience for global leadership, especially about early signals of a potential fall from trust and power?

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BACKGROUND: OVERVIEW OF THE RENAULT–NISSAN ALLIANCE AND THE ROLE OF CARLOS GHOSN

Nissan is one of the world’s leading automotive manufacturers. It was founded in 1933 as one of the first companies to produce cars in Japan. The company’s domestic market share reached almost one-third in the early 1970s, but thereafter entered a slow downhill slide. When the economic bubble burst in the early 1990s, Nissan’s aggressive expansion plan backfired and their massive borrowing led to significant debt. The company entered a lost decade. Various corporate restructuring plans were attempted by Nissan’s presidents: Yutaka Kume (1985–1992), Yoshifumi Tusji (1992–1996) and Yoshikazu Hanama (1996–2000). They all failed, and by the late 1990s, the company was close to bankruptcy.

In March 1999, with a view to scaling up its global operations in the increasingly consolidated automotive industry, the French automaker Renault invested $5 billion for a 36.8% share in Nissan. In return, Nissan purchased a 15% share of Renault in 2001. With the strategic partnership in place, Carlos Ghosn, a 45-year-old Brazilian-born Lebanese, French-educated executive who had contributed to Renault’s corporate turnaround in the 1990s, came to Tokyo as the new head of Nissan. He was first appointed as COO in June 2000, and then became CEO in June 2001 (Nikkei Business, 2019).

The Renault–Nissan Alliance (RNA, or simply “the Alliance”) has been described as the most successful cross-border merger and acquisition (M&A) example because of its corporate performance and the length of the relationship. The market capitalization of both Nissan and Renault grew by more than double from the end of 1999 to November 2018, while that of Toyota grew 1.3 times during the same period. The profit margin of the RNA was higher than that of Volkswagen, which had competed for number one in the world in scale. In 2016, Ghosn welcomed Mitsubishi Motors into the alliance and created RNM (Renault–Nissan–Mitsubishi) to build the world’s top car group in terms of unit sales. While it is quite difficult to maintain a cross-border alliance relationship or M&A for a long period, the relationship between Renault and Nissan lasted successfully for nearly 20 years.

Two reasons have generally been offered to explain the success of the Alliance – the strategic complementarity of the companies involved and the outstanding global leadership of Carlos Ghosn. In terms of strategic complementarity, Renault was always clear they did not see Nissan as an acquisition, even though they became the largest shareholder in Nissan. Renault leaders always used the term “strategic alliance” and applied principles of symbiotic management in their post-acquisition integration. They gave a lot of autonomy to Carlos Ghosn. For his part, Ghosn had shown himself to be a highly skillful
integration manager with exceptional global leadership credentials. In the turn-around, he focused on Nissan’s own performance, not Nissan-as-an-acquisition-of-Renault. As a result, Nissan employees did not feel that Nissan was treated a subsidiary of Renault.

When we asked Ghosn what he considered to be the essential qualities of a leader, he answered that “true leadership is about making tough decisions in times of crisis, getting people to do things they don’t want to but need to, and delivering sustainable results” (Ota & Ikegami, 2017, pp. 148–149). Ghosn was able to get employee commitment to many actions at Nissan that were necessary to the survival and growth of the company, but that an internally promoted Japanese leader could not have achieved. The Japanese top leaders who pre-ceded Ghosn were not able to compel followers to execute things that were painful, such as closing down key factories, decreasing the range of the product portfolio, or passing strong cost pressure on to suppliers. Ghosn achieved all of these actions and more. It is surprising that the organizational commitment he built later turned against him so conclusively.

In this chapter, we will analyze three phases to examine Ghosn’s rise and fall:

1. **Phase I: 1999–2005**: This is the period when Ghosn focused his leadership in Nissan and strengthened trust within the company as a strong and effective global leader.

2. **Phase II: 2005–2012**: This is the period when Ghosn reinforced his leadership and strengthened his control, while also shifting his focus from Nissan alone to the Renault–Nissan Alliance. His relationship with Nissan started to change, perhaps as a result.

3. **Phase III: 2012–November 2018**: This is the period when Ghosn’s formal power peaked, taking on larger visions and alliance partners. At the same time, he did not stay connected with Nissan.

In reality, the phases overlap each other and the year cut-offs imply more precision than intended in this long journey. However, there were specific incidents in 2005 and 2012 that are indicative of the patterns in the next phase, so we find these useful demarcations. As we discuss each of these phases, we will focus on the dynamics around the trust between Ghosn and Nissan senior leaders. Through this unique case study, we illustrate how trust with a leader was built, with positive effects for the company, but then disintegrated, with potential negative effects for the company (as well as the leader).

**PHASE I (1999–2005): GHOSN’S SUCCESS IN BUILDING TRUST DURING THE NISSAN REVIVAL**

In July 1999, Ghosn initiated the transformation of Nissan by forming cross-functional teams (CFTs): he assigned teams of young and middle managers to come up with corporate revival solutions around specific themes. Their solutions were summarized and announced as the Nissan Revival Plan three months later. The plan proposed to reduce the number of suppliers, close factories, sell off shares of other companies, and reduce the global headcount. The company also
committed to becoming profitable in FY2000, achieve a 4.5% operating margin in FY2002, and cut net automotive debt down to less than ¥700 billion by the end of FY2002. The plan broke norms of accepted management practices in Japan, for example, internally with headcount reduction and externally by breaking up the previously sacrosanct supplier relationships.

This process for developing and implementing a turnaround plan was very innovative, especially for Japan, and especially — even within Japan — for Nissan. Compared with Toyota, Honda, Suzuki, and other Japanese automakers, Nissan had a bureaucratic culture with strong norms for indirect communication (Ota & Ikegami, 2017, pp. 42–45). Until 1999, the headquarters of Nissan was located in Ginza, one of the most prestigious areas in Japan, and the staff were called “Ginza bureaucrats.” In fact, the bureaucracy was so entrenched that when Ghosn arrived at Nissan he found no one could tell him the total cost of building and selling a car. Each department could report the cost of their own piece of the puzzle, but no one had oversight of the whole picture, and the different departments did not know what proportion of the total cost was theirs. At the time, the purchase cost of a Nissan was much higher than that of an equivalent Renault, partly because the engineering department requested dedicated parts for each brand and the marketing department did not communicate to the engineering team that this uniqueness had no impact on the customer. This culture was one of the reasons why Nissan needed Renault’s support in 1999.

Ghosn was able to challenge Nissan’s culture with constructive processes and results partly by leveraging his credibility as a turnaround manager in the United States and France, and partly by leveraging his foreignness as an asset to establish strong relationships and trust with Nissan senior executives and employees in a short period of time. The second dynamic provided a much-studied case of effective global leadership, and Carlos Ghosn has been referred to as “the posterchild of global leadership.”

Foreignness as an Asset

Foreignness — whether for a multinational enterprise (MNE) subsidiary or an individual expatriate — brings both strengths (assets) and weaknesses (liabilities), but overall it is usually concluded to be a net liability. There is a significant body of literature studying the liability of foreignness and how to overcome it (e.g., Joardar, Kostova, & Wu, 2014; Zaheer, 1995), and one could say that much of the expatriate literature is also about overcoming the liability of foreignness (e.g., Mendenhall et al., 2017). Academics, reporters, and Ghosn himself often observed that Ghosn’s foreignness was a net asset in his leadership of the turnaround. Ghosn came from both a different company and a different country. This apparent anomaly drove curiosity among both researchers and practitioners. In our study of Ghosn’s asset of foreignness, we saw through our interviews with him and with senior managers who reported to him that he leveraged this asset through four sets of behaviors: initiating trust, shaping identity, anchoring and transcending common language, and acting positively on...
ignorance (Ikegami, Maznevski, & Ota, 2017). We summarize them again here to illustrate Ghosn’s Phase I dynamics.

Initiating Trust
Trust is a positive belief about another person — specifically, a belief that the other person will take one’s own needs and perspectives into account. Trust among people creates many positive outcomes including commitment, openness, and innovation (McAllister, 1995; Schaubroeck, Lam, & Peng, 2011), because it creates the conditions in which people can take risks with each other. Developing trust requires positive experiences together. It is particularly difficult to build trust across cultures, because people from different cultures engage in experiences differently and look for different indicators of reliability and care (Mendenhall et al., 2017). Japan has a high context culture, and trust between a leader and followers in Japan normally requires a very long shared history; otherwise followers perceive they cannot predict the behavior of a leader (Shimizu, 2000). Building trust in Japan as a foreigner, therefore, is particularly difficult.

Ghosn and his team needed to build trust as soon as possible in order to develop and implement the Nissan turnaround. We saw that Ghosn himself did several things to initiate trust development experiences explicitly. And, through direction and role modeling, his team followed suit. For example, they promised to put Nissan first, and demonstrated this commitment publicly through the terms of their contracts and by moving their families to Japan. In this way, they initiated a trust-escalation cycle. This cycle was reinforced throughout the revival plan process when Ghosn and his team continued to prioritize Nissan over Renault and demonstrated high commitment to Nissan’s success. Ghosn also made the information flow much more transparent and fluid than before, and this also increased people’s trust in Ghosn and in each other. These actions became a foundation of trust between Ghosn and Nissan employees. When employees trusted Ghosn, they were more willing to take risks, such as disagree with superiors or suggest innovative ideas.

Shaping Collective Identity
Ghosn was able to create shared identity between the new (foreign) leaders and the Japanese managers and employees. First, he made it clear that “we are in this together,” including himself in the “we” from the beginning. He built this collective sense in his visits to all parts of the company globally during his first months, and he spent as much time talking with factory workers as he did with middle and senior managers. When he created cross-functional teams, he broke down sectional barriers and developed a collective sense of urgency and motivation. Second, importantly, at the same time he demonstrated respect for the Japanese culture, frequently emphasizing that Nissan was a Japanese company and would always be a Japanese company. He stated that Nissan’s journey was to become an excellent Japanese company, not a French or global company. This combination of simultaneously building a shared sense of purpose and identity, while also valuing the local national identity and thereby not