

The transcultural leader: Carlos Ghosn, CEO of Renault, Nissan

“I think one of the basics of transcultural leadership is empathy,” says Carlos Ghosn, the man who is credited with turning around major Japanese car maker Nissan.



“I would say even though the term today is not very popular, love the country and love the culture in which you are in. And try to learn about its strengths, don’t focus on the weaknesses, and make sure that all the people you are transferring with you are of the same opinion.”

The CEO of Renault and Nissan, and the 2008 recipient of the INSEAD Transcultural Leadership Award, Ghosn told INSEAD Knowledge that the fact he had the experience of being raised in different countries – not by choice, but by coincidence because of his family circumstances – had helped

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him in life a lot.

Ghosn was born in Brazil to Lebanese parents in 1954. Later he moved to Beirut where he completed his studies in a Jesuit school. He then graduated with engineering degrees from the Ecole Polytechnique and the Ecole des Mines de Paris and is a French citizen.

He stresses the importance of cultivating a certain mindset or character that truly enjoys the challenge of living in new environments:

“If you have to work and particularly do something significant in a country it is much easier if somehow you connected with the country and you like the country and you respect the people and you are curious about the culture.”

He maintains it makes a big difference because people in the country working around you may notice whether or not you are connected to the country and are happy to be there, that you are curious and are listening. “Well, they’re going to forgive you a lot of things,” he says.

When Ghosn went to Japan, he had some ideas about the culture, he says, such as the language and the food. But he found there were some concepts that were totally new to him – such as walking into

an elevator before a woman. He says that while it would be considered “very gross” in a Western country, not to do so could be deemed to violate the code of Japanese culture.

While his task was to help revive an icon of the Japanese car industry, he says, the experience wasn’t simply about performing a job – it was about discovering a new culture and it was very rewarding.



“When you have a very diverse team – people of different backgrounds, different culture, different gender, different age, you are going to get a more creative team – probably getting better solutions, and enforcing them in a very innovative way and with a very limited number of preconceived ideas.”

On gender equality, the CEO says that when he started at Nissan, only one per cent of the top management at Nissan were women. While that was twice as good as his competitors, he was determined to increase the number of women in management still further. Today the number of women in management is five per cent, and the objective is to raise that figure to ten per cent.

Ghosn says that although such targets are good, it’s more important to set a lasting, achievable trend for women that will prove that diversity delivers.

At the INSEAD Leadership Summit, sustainability was the major theme and Ghosn spoke extensively about how the Renault-Nissan alliance is aiming to manufacture electric cars. And the market potential is large, he says, with estimated demand for ten million such vehicles.

He told INSEAD Knowledge that although he likes the concept of vehicles running on hydrogen, for now he’s sticking with the electric car. “It’s not easy to produce hydrogen and it’s not easy to distribute hydrogen today.”

“So it’s going to take awhile before you can establish a network for the distribution of hydrogen. In the meantime we are, in a certain way, more ready for electric cars because of the distribution part of it.”

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As developing countries become increasingly affluent, more and more people will aspire to own a car. The environmental impact though could be minimised if the car industry moves towards zero emission technology, he says.

“All the growth is in the developing market – China, Russia, India, the Middle East, Brazil, that is where the growth is taking place. And it is normal for a car manufacturer to want to put as many people as possible in cars,” he says. “Now our duty is to ensure that this is sustainable, and that’s why I believe there is a big future for zero emission cars.”

Biofuels have been touted as a possible answer but it’s a solution that may bring its own set of problems as it may require using land to grow crops for biofuels rather than food.

He says no one should have to choose between, say, ethanol for cars and food for people.

“You don’t want to be there,” he says “You want to be in a situation where ethanol for cars is a good complement, and not a competitor, to food for people.”

Asked by INSEAD Knowledge whether Renault will be able to meet its ambitious sales targets for 2009, especially as analysts believe they would involve achieving double-digit growth this year, Ghosn says there’s no point in setting goals that are easily achievable.

“That means your targets are conservative, that’s the only way you can be sure,” he says. “So you want to maintain a certain stretch inside the company, and be innovative and be creative and find new products and new solutions in order to hit the targets. So it’s risky, but that’s the price to pay for the development.”

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