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**ENACTING DISCRETION IN A LOW DISCRETION ENVIRONMENT: AN
INTERVIEW WITH CARLOS GHOSN.**

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ENACTING DISCRETION IN A LOW DISCRETION ENVIRONMENT: AN INTERVIEW WITH CARLOS GHOSN.

Introduction

Carlos Ghosn's legacy in the global automotive industry is both significant and controversial. His multinational identity – Lebanese, French, and Brazilian – positioned him as a globally minded executive well-suited to an era of intensified globalization, when firms sought leaders capable of navigating complex institutional and cultural terrains (Greimel & Sposato, 2021). This paper uses Ghosn's extraordinary leadership journey to explore how high-discretion leaders operate in low-discretion environments, where institutional norms, national cultures, and organizational politics constrain executive latitude, and what occurs when transformational leadership collides with entrenched systems of control.

Ghosn exemplified a transformational leadership style, visionary, proactive, and willing to disrupt entrenched routines (Bass & Avolio, 1994; Pendleton & Furnham, 2016). This sharply contrasted with the leadership archetypes prevailing in Japan, where CEOs typically act as transactional coordinators rather than strategic change agents. The resulting tension between Ghosn's leadership style and the institutional environment lies at the heart of this study. We further highlight how crisis conditions can temporarily expand a leader's discretion, enabling transformational figures to override institutional constraints that would otherwise limit strategic agency.

This tension became especially pronounced following Ghosn's appointment as Chief Operating Officer of Nissan in 1999, after Renault acquired a controlling stake in the financially troubled firm. Through the Nissan Revival Plan, he implemented sweeping reforms, including cost reductions, plant closures, and layoffs, measures rarely pursued unilaterally within Japan's consensus-oriented corporate culture (Greimel & Sposato, 2021). His bold, performance-driven leadership earned him both admiration and resistance, ultimately making him the first executive to concurrently lead two Fortune Global 500 companies (Greimel & Sposato, 2021). Yet the same qualities that drove Ghosn's success also precipitated his downfall. In 2018, he was arrested in Tokyo on charges of financial misconduct, a move widely interpreted as a corporate coup within Nissan. His subsequent flight to Lebanon underscored the fragility of high-status leadership in low-discretion environments, where informal power dynamics and contested legitimacy can eclipse formal authority. While Ghosn publicly framed his arrest as a politically motivated act (Financial Times, 2019), from an academic perspective,

the case exemplifies how institutional misalignments, internal politics, and cross-national tensions constrain managerial discretion, even at the highest levels.

This paper is guided by the theory of managerial discretion, defined as the degree of latitude executives possess in making strategic choices (Hambrick & Finkelstein, 1987). Building on Hambrick and Finkelstein's (1987) concept of "hybrid situations," where environmental constraints, organizational dynamics, and executive traits are misaligned, we examine the tensions between enacted and environmental discretion. Socio-cultural contexts shape these tensions particularly in consensus-driven environments (Haj Youssef et al., 2020), where group harmony significantly limits individual agency (Crossland & Hambrick, 2011; Haj Youssef and Christodoulou, 2018; Ioannou & Serafeim, 2012). In Japan, high collectivism and uncertainty avoidance reinforce this constraint, encouraging incrementalism and risk aversion (Gotoh & Sinclair, 2021; Whitehill, 2022; Yang et al., 2012).

Managerial discretion is also contingent on industry and firm-level factors. At the industry level, regulatory pressures and market competition often promote cautious decision-making (Hartmann & Uhlenbruck, 2015; Wang et al., 2018). At the firm level, hierarchical structures can suppress executive autonomy, whereas flatter organizations tend to support greater decision-making flexibility (Sandhu & Kulik, 2018; Wangrow et al., 2015). Individual traits, such as boldness and risk appetite, further shape a leader's capacity to act effectively in complex environments (Burkhard et al., 2023; Gupta et al., 2019; Radhouane et al., 2018).

Traditional approaches in international business have relied heavily on Hofstede's (1980) national culture dimensions to explain institutional constraints and leadership behavior. However, this framework has come under increasing criticism for its essentialism, methodological nationalism, and positivist assumptions (McSweeney, 2002; Ailon, 2008). As Boussebaa (2021) argues, the field's dominant focus on "cultural differences" has often reduced dynamic transnational processes to static national stereotypes, overlooking the organizational and geopolitical dimensions of cultural production.

In line with this critique, and consistent with *Critical Perspectives on International Business*, we reject over-reliance on cultural distance metaphors. Instead, we adopt an interpretive lens rooted in international political economy and postcolonial critique (Boussebaa & Morgan, 2014), recognizing that institutions and power structures co-construct notions of culturally legitimate leadership. The Ghosn case, situated within a Franco-Japanese alliance and mediated by neo-imperial asymmetries, illustrates how leaders become embedded in contested meaning-making shaped not only by national culture, but also by global hierarchies of power.

Ghosn's tenure at Nissan vividly illustrates the tension inherent in hybrid discretion contexts. His boldness, confidence, and risk-taking enabled a level of enacted discretion uncommon in Japan's collectivist culture, but it also provoked significant internal resistance. This culminated in character assassination attempts, coordinated efforts to systematically damage his professional reputation (Smith & Eberly, 2021). Allegations of misconduct, advanced by Nissan board members, prosecutors, and political actors, ultimately dismantled Ghosn's carefully constructed leadership image. His experience underscores the importance of aligning leadership style with socio-cultural and institutional environments. Transformational leadership enacted in low-discretion settings can generate profound tensions with lasting consequences for both leaders and organizations (Ascani et al., 2023; Li et al., 2013). For multinational corporations, navigating these tensions is especially critical, as cross-cultural complexity and institutional variation directly affect strategic outcomes (Gaur et al., 2011).

The paper adopts a structured Q&A format, divided into five thematic sections that build progressively across levels of analysis. Thematic structuring, based on careful analysis of emergent patterns in Ghosn's responses, provides a coherent framework to critically evaluate the complexities of leadership, discretion, and governance in hybrid contexts. *Theme 1* examines how Ghosn's leadership style affected his level of managerial discretion within Japan's traditionally constrained corporate environment. *Theme 2* explores how national cultural norms, particularly within Japan, influenced the institutional reception of Ghosn's outsider leadership. *Theme 3* analyzes Nissan's corporate turnaround, focusing on how crisis conditions temporarily expanded Ghosn's discretion and enabled bold strategic change. *Theme 4* turns to the dynamics of CEO celebrity, highlighting how Ghosn's public visibility enhanced informal power while also heightening vulnerability to character assassination. *Theme 5* addresses the geopolitical tensions within the Renault-Nissan-Mitsubishi Alliance, illustrating how shifting political forces and national interests further reconfigured the boundaries of executive discretion. Each section combines Ghosn's direct responses with commentary grounded in contemporary managerial discretion theory, cross-cultural management frameworks, and CEO media studies.

This paper contributes to the literature on managerial discretion and cross-cultural leadership by conceptualizing "hybrid discretion contexts" as inherently unstable environments, in which high enacted discretion clashes with low environmental discretion. Through an in-depth interpretive analysis of the Carlos Ghosn case, we introduce a novel conceptual framework that delineates four discretion configurations and foreground the "collision course" quadrant, where transformational leaders appear most effective but are

ultimately most vulnerable. By tracing the erosion of discretion across shifting institutional, cultural, and political layers, the paper extends upper echelons (Hambrick and Mason, 1984) and international business theories to conceptualise hybrid discretion contexts as settings where enacted discretion outpaces institutional support. These contexts create a dynamic fragility of leadership legitimacy, where a leader's authority, though initially accepted due to crisis or performance, becomes increasingly unstable over time as misalignments with local cultural norms, power structures, and stakeholder expectations accumulate. This instability is particularly pronounced in complex multinational settings, where global leadership visibility can amplify both legitimacy and resistance simultaneously.¹

Theme 1: Leadership and Managerial Discretion

THE AUTHORS: Research shows that the impact of CEOs on their firms' financial performance is, among developed industrial nations, lowest in Japan. Despite this, Nissan's recovery and performance following your arrival in 1999 are attributed to you and your "Nissan Revival Plan." Can you elaborate on how you achieved this, despite the Japanese context, which is known for being 'restrictive' for CEOs?

CG: Yes, it's true that Japanese CEOs are usually not very expressive or talkative, so you don't often know who they are. They are typically chosen for their ability to build consensus within the company. Japanese society is very tribal, with various groups and factions, even in the political world. The CEO is often selected to maintain peace and ensure everyone works together. They are not usually visionaries or strong leaders; rather, they lead from behind, if I can summarise it that way. However, this is different for founders. Founders are often seen as emperors, effective emperors, not just decorative ones. When you read stories about founders like Morita of Sony or the founder of Toyota, you see that they were very strong leaders. In a world of consensus and grey zones, from time to time, very strong leaders emerge. Because such leaders are rare, when a skilled and high-performing individual appears, they are often adored and highly respected by their people. Japan has a tradition of having 99% of leaders who are discreet and not very visible, but the few who do stand out become very visible because of the otherwise flat landscape. In the US, where everyone is jumping and speaking, only the highest stand out. In Japan, because the environment is flat,

¹ While the legal and political controversies surrounding Carlos Ghosn remain contested, this paper does not take a position on the validity of the charges or the actions of involved parties. Our analysis treats Ghosn's public account and contextual events as interpretive data, focusing not on adjudicating guilt or innocence, but on theorizing the institutional and cultural dynamics that shape, and ultimately constrain, managerial discretion. This interpretive stance allows us to analyze how narratives of legitimacy and illegitimacy emerge and evolve in complex multinational environments, irrespective of legal outcomes.

anyone who stands out becomes immediately noticeable. My character is not grey, boring, or unknown; I am the opposite, and on top of that, I'm not Japanese. So, in this flat environment, I was extremely visible. Nissan had experienced two failed turnarounds before my arrival. I was not the first to try, but I was the last resort. Japanese banks were so desperate that they no longer wanted to fund Nissan, which is unusual as they typically fund companies extensively. They had to turn to a foreigner because there were no other options. When you come in, perform, and deliver year after year after a decade of failures, it has a significant impact on society. There is no contradiction in what you're saying. Yes, as I have just stated it's a flat landscape, and the ones who stand out, become very visible. That's what happened to me, and I used this visibility for the company, the brand, and the product. If I didn't attend an event, the media would lose interest. My communications team insisted I attend events because my presence attracted media coverage. In 2001, I was named "Father of the Year" and was a popular figure among Japanese women. At one point, I was even considered one of the top ten potential candidates for prime minister, which was completely unrealistic but reflects the 'Ghosn mania'. It was a very sympathetic form of mania, not hostile. Those who didn't like me were silent, while most people who were amused or liked me voiced their enthusiasm. I don't want to make a direct comparison, but when Trump first ran for president in the United States, many people attended his events because they found him amusing, regardless of whether they liked him or agreed with him. Similarly, I created a certain aura; whether people liked me or not, I was seen as special, unique, and entertaining because I was so different. That's the context in which we were operating.

THE AUTHORS: Related to the above question: Some have argued that you may have "overstretched" your actions by introducing performance-based pay, closing five plants in Japan, and laying off around 20,000 people. Would you agree with such an assessment?

CG: Yes, well, obviously, I would never have succeeded with my revival plan if I hadn't committed to delivering results. My commitment to results was crucial because I declared that we would return to profitability within the first year, despite the company being unprofitable for the previous eight or nine years. I announced that if we weren't profitable in the first year, I would step down, along with all members of the executive committee. This shocked the Japanese. Furthermore, I committed to reducing the debt, which stood at \$20 billion, within three years. If I failed, I would resign. This strategy was a smart move on my part because it gained support from those who were aligned with me, they appreciated having a leader who committed to results. On the other hand, my opponents thought I would fail within the first year, so they decided to wait and see rather than oppose me outright. They

believed I would fail, and they could then get rid of me without opposition. When the first year ended positively, my detractors claimed I had manipulated the books. They said I made excessive provisions and other such accusations, so they decided to wait for the second year. The second year also showed significant improvement, and by the third year, the debt was not only halved but practically disappeared. Profits reached record levels in the industry, and it was game over. I had everyone on my side because, ultimately, Japanese people are pragmatic. They value performance. If you deliver results, they support you. The Japanese are not vicious; If you tell them, you will achieve something and you do, they will appreciate it. This is different from the French, who might deliver results but also scrutinise the manner of delivery, often diminishing the merit of the performance. The Japanese may not be very sophisticated in management strategy, this simplicity is part of their strength, they can summarise their goals into two or three main objectives. They don't get lost in a multitude of goals, which can lead to confusion. Unlike the French, who might struggle with too many objectives, the Japanese prefer straightforward priorities. Give them five ideas, and they will think you're foolish. They prefer to tackle one priority at a time without unnecessary complications.

THE AUTHORS: Studies show that up to 70% of change projects fail, with resistance to change being a significant factor. Regarding your various change projects, what kind of resistance did you encounter? Where did this resistance come from, was it the institutional environment, the industry, or the firm itself? How did you deal with the resistance?

CG: People liked my results, but they didn't like the way I achieved them, often without their involvement. I challenged the seniority system in Japan, promoted women to lead major entities, gave high levels of responsibility to very young people, and imposed English as the main language in the company because it was a global enterprise. You can understand that a lot of the old guard didn't appreciate these changes. However, I didn't cut their heads off or throw them out of the company. I kept them inside. Why? Because I wanted to hear their arguments. The saying goes, "keep your enemies close," because at least then they speak to you, and you understand their arguments, allowing you to counter them. If you put them all outside, you never understand their points of view. So, I kept the old guard inside because they were useful for interpreting results and understanding resistance. I was aware of this internal resistance, but I believed that as long as I was performing, I could outshine them. Keeping them inside the company allowed me to understand and use their arguments against them both internally and externally. Externally, many people didn't like the changes either, as it challenged their power and status in society. I had young people and women supporting

me, but many executives disliked me. They saw me as a revolutionary force. They were used to a routine of arriving at the office at 10 a.m., sitting in meetings without making decisions, and having an easy life. Then, I arrived, starting work at 7 a.m., making decisions on the spot, speaking on television, and working until 11 p.m. This challenged all CEOs because people started questioning why they didn't adopt the same work ethic. This was uncomfortable for them, and they would have ousted me if I had not been performing. In a certain way, my performance saved me all these years.

THE AUTHORS: What factors allowed you to take such drastic actions at Nissan? Did it help that Nissan was "on the verge"? Do you think being an outsider, both to the firm and to the country, helped you with the turnaround strategy and breaking the norms?

CG: Oh, yes, sure. I was unpredictable. Nobody knew what my next step would be, but I didn't play it that way on purpose. I was unpredictable because I was different, a completely different personality in that world. I didn't think like them, nor did I plan like them. Every step I took faced resistance. For example, immediately after Nissan's recovery, I wanted to build a plant in the United States. The old guard said I was going too fast. I chose Mississippi, a state with no established industry, which they thought was crazy. They suggested more traditional locations, but I insisted we needed to do things differently. Another example is the electric car. When I decided to enter the Chinese market in 2003, I faced huge opposition from the executive committee. They feared the Chinese would steal our secrets and that we wouldn't have control. But I insisted, believing China would become one of the largest markets in the world. Consensus, I believe, leads to death; innovation doesn't come from consensus. Sometimes, you have to make a decision against the majority. My decision to enter China was practically a one-against-all move, but they had to follow because of my success and reputation. Launching the mass-marketed electric car, the Leaf, was another example. Many thought I was crazy because it was a \$4 billion investment. It meant reallocating funds, deciding against developing other engines or hybrids. This led to significant internal opposition as people thought I was risking too much on an unproven technology. However, my performance was my support. As long as I delivered results, I could push through innovation. Media support also helped in this regard. These innovations ultimately made Nissan a much bigger and more powerful company. If we had stuck with traditional Japanese management, we wouldn't have achieved this. To this day, no major Japanese company has embraced the electric car in the same way. They are starting to catch up now, but it's 13 years after we launched the Leaf. This rigidity shows how difficult it is for Japanese companies to change course. Once they set a course, they are very powerful and

excel in that direction. However, changing to a new direction takes a lot of time. If you set a new destination for them, they will challenge you initially but will eventually accept and excel in the process.

THE AUTHORS: You mentioned earlier that even years after you left the CEO position at Nissan, the bad performance is still attributed to you. Why do you think they continue to blame you for the poor performance despite your departure? What is their rationale behind this?

CG: You have two types of leaders. One type comes in, takes charge of the current situation, and focuses entirely on the future without blaming the past. These leaders are usually the most successful because by looking only at the future, they steer everyone in the company towards progress. They set an example from the top, encouraging people to change habits and adapt. The other type of leader blames all the company's problems on the past. This deflects responsibility and focus from the current leadership. Unfortunately, today, Renault and Nissan have what I call mediocre leadership. Instead of assuming responsibility and saying, "I'm in charge now, let's look at the future," they blame past leadership for current issues. These current leaders, by continually pointing fingers at my supposed aggressiveness and decisions, divert attention from their own management failures. They argue that I overbuilt capacity in North America and didn't focus enough on profits, but this is just a way to shift blame. What's interesting is the case of José Muñoz, who headed North America under my leadership. Muñoz did an excellent job, and I promoted him to Chief Performance Officer. After my arrest, Muñoz left Nissan because he didn't believe in the accusations against me. He became the COO of Hyundai in charge of North America and is now the president and CEO of the company. If you compare Nissan's performance in North America from 2018 to 2020, which has been declining, to Hyundai's performance under Muñoz's leadership, the difference is striking. While Nissan's performance has been poor, Hyundai's has been outstanding, with record profits. This clearly shows that the issues at Nissan are not due to my past decisions but rather the result of the current leadership's failures.

THE AUTHORS: In the literature, the board is often seen as a counterpart to the CEO. Many decisions need to go through the board. I recently listened to the HBS podcast on your story, and the board of Nissan was depicted as very weak, to put it mildly. Was there no counterbalance in the organization that challenged you or successfully opposed you? Was it always a matter of them agreeing because you had the better arguments?

CG: In Japan, you have two types of boards by law: the board by committee and the classic Japanese board. Nissan had the classic Japanese board, which is the case for 80% of Japanese

companies. Only about 20% use the board by committee. It's true that Japanese boards are generally not rebellious and are very consensual. However, consensual doesn't mean the CEO can do whatever they want. It means that to obtain consensus, the CEO sometimes needs to bend to the opinions of other board members. Some people say that because I was very competent and on top of everything, board members did not challenge me too much because they were afraid, they would look stupid. Maybe that's true. When you have a powerful and successful CEO, board members might hesitate to challenge them, fearing they might be wrong. However, the matters being discussed were not about my competence. They didn't challenge me on electric cars, China, or autonomous cars. The allegations that were later on issued about me were related to things like a retirement package for the future, which didn't even come to the board. The board could have said, "No, we don't want this." Even more, one of the accusations came to the board and was approved, making a lot of sense. Regarding the accusation of misconduct with the Omani distributor, they claimed that the distributor channeled money that I benefited from indirectly. If I were the CEO and suspected a vice president of misconduct with a distributor, I would investigate and potentially fire both of them. Interestingly, Nissan continued to work with the Omani dealer and even renewed the contract a year ago for three more years. The CEO, Mr. Bahwan, and the same entity remained in place. This raises questions about the seriousness of the accusation. This is crucial for understanding the character assassination. People with a lot of resources and state backing don't worry much about consistency. They can accuse you of misconduct while continuing to work with the alleged accomplice. The plot against me did not originate entirely from inside. It involved outsiders on the board who had connections with the Ministry of Economy, Trade, and Industry and the government. These outsiders, like Toyoda, who was the METI's representative on the board, and another outsider, used their positions to plot against me while keeping it as confidential as possible. The plot was generated by these board members coming from outside the organization.

Commentary: Carlos Ghosn's tenure at Nissan illustrates the complexities of exercising managerial discretion in culturally and institutionally constrained environments. Defined as the latitude of action available to managers (Hambrick & Finkelstein, 1987), managerial discretion is shaped by external contextual factors and internal executive attributes.

Culturally, discretion is significantly influenced by social norms like collectivism and hierarchy, both prominent in Japan (Crossland & Hambrick, 2011; Ioannou & Serafeim, 2012). Japanese corporate culture prioritizes consensus, conformity, and incrementalism, thereby constraining executive autonomy (Gotoh & Sinclair, 2021; Whitehill, 2022; Yang et al., 2012).

Yet, Ghosn, as a transformational outsider, overcame these constraints through a highly visible, performance-driven leadership style that challenged entrenched norms (Ikegami & Maznevski, 2019; Rickley & Stackhouse, 2022).

His leadership persona, described by Ghosn himself as “cartoonish and extraterrestrial”, combined novelty, bravado, and a results-based legitimacy (“If I failed, I would resign”), creating a powerful but polarizing identity. Strategically, such “celebrity-outsider” leadership can disrupt power dynamics and generate new forms of legitimacy, while simultaneously heightening vulnerability and backlash.

Political and economic contexts also modulate discretion (Crossland & Hambrick, 2011). In 1999, Nissan’s deep crisis created an urgent climate that temporarily expanded managerial latitude, with Ghosn’s boldness tolerated as a necessity. Periods of financial distress have been shown to widen the space for risk-taking and unorthodox strategies (Krause et al., 2019), and Ghosn’s aggressive cost-cutting, restructuring, and expansion moves were largely legitimized by the results they delivered.

Industry-level discretion in automotive manufacturing is typically constrained by regulatory and legacy pressures (Demartini & Trucco, 2018). However, Ghosn bypassed such limits through entrepreneurial actions, e.g., pioneering electric vehicles and early entry into China, demonstrating transformational leadership and strategic risk taking (Burkhard et al., 2023). At the firm level, corporate governance played a crucial role (Wang et al., 2018). Nissan’s traditional board structure emphasized consensus, affording Ghosn both space and minimal resistance during the recovery phase. While some viewed his accumulated power as excessive, it also reflected stakeholders’ reliance on his perceived indispensability during crisis.

Transformational leadership thrives in high-discretion contexts, and Ghosn’s case epitomizes this archetype: visionary, proactive, and capable of shifting strategic priorities despite cultural inertia (Hadani et al., 2015). His ability to mobilize stakeholders across divergent cultural settings demonstrates the efficacy, and risks, of assertive cross-cultural leadership. Nevertheless, Ghosn’s case also highlights the political and ethical vulnerabilities of outsider leadership. Resistance accumulated as the pace of change clashed with institutional adaptation capacities, underscoring how personality, power, and cultural misalignment can destabilize executive legitimacy (Hadani et al., 2015; Gupta et al., 2019).

In sum, Ghosn’s leadership exemplifies the dual nature of managerial discretion in hybrid contexts: enabling transformational change while simultaneously sowing the seeds of

contestation. His tenure invites reflection on the conditions under which outsider leadership can succeed, or falter, within MNCs.

Theme 2: Cross-Cultural Management and the Japanese Context

THE AUTHORS: You have dedicated your career to the automotive industry and are considered by many to have left a lasting impact. Among your many achievements, creating and leading the Renault-Nissan-Mitsubishi Alliance is perhaps the most notable. Your work with Nissan has even made you one of the most influential foreigners to run a firm in Japan. Could you elaborate on how you perceived the Japanese context with regard to your role as CEO?

CG: Well, let me say, I was obviously a very unique case. So, when analysing my situation, you have to be conscious of the fact that it is indeed unique. This uniqueness stems from two things. The first is that I was the only foreigner to have ever really led a major Japanese company on my own. When I say on my own, I mean without a tutor, without anyone telling me what to do, without a shadow CEO, and without being controlled by the state. I was truly my own boss, and I was the boss of Nissan, nobody ever contested this. This was something unique in Japan. Practically all the major Japanese companies are run by Japanese people. These leaders, unless they are the founder or a major shareholder, usually have short tenures of two to three years before being replaced. Consequently, they often have little lasting impact on the company because Japanese corporate culture tends to emphasize collective management and responsibility rather than individual responsibility. The only major individual figures in Japan are usually the founders of companies, like the founders of Sony, Honda, and Toyota, who have a significant impact. After the founder, however, the role is typically filled by 'little grey men' who stay for one or two terms and are then succeeded by others, perpetuating a collective management style. In this environment, which is distinctly Japanese, I stood out. I am a Lebanese, French, Brazilian individual heading a major Japanese company with full authority, particularly in the automotive industry, which is a key industry in Japan. This was in 1999, a time when the Japanese were dominating the industry. Although the Americans had the number one and number two carmakers, the Japanese companies were the most profitable, the most efficient, and were growing rapidly. So, my situation was unique, and I became a sort of character, a cartoon character even, appearing frequently on TV after my successes. Initially, I was met with scepticism: who is this guy, what is he going to do for us? He's from Renault, an unknown company here. Is he French, Lebanese, or Brazilian? Many thought I wouldn't last long and would fade away. However, my initial

successes were shocking, and as I continued to meet my commitments, I was not the typical CEO of a Japanese company, I became like a cartoon character. I worked early, unlike many top executives in Japan who arrived at nine or ten o'clock. I spoke up in meetings, whereas in the Japanese management style, senior executives rarely do; it's all about middle management. I was not only a foreigner but also very different from the classical Japanese leadership model. The second factor that made my case unique was that after 2005, I managed two companies on two different continents. This dual role added to my uniqueness. Not only was I a foreigner managing a Japanese company successfully, but I was also managing two major companies simultaneously, Nissan and Renault, while being on their respective boards. This made me one of the most covered CEOs globally. For the Japanese, I seemed almost extraterrestrial, with books, methods, and even a bento box named after me. So, how was I perceived? I was in a league of my own. This visibility was a strength for Nissan because everyone associated the brand with me. People who liked me would buy a Nissan, while those who wouldn't opt for Toyota.

THE AUTHORS: Related to the above question: But what you're saying is that you're not only a unique case for the Japanese, but you're also a unique case in the global automotive industry, being the only person to serve as CEO of two companies simultaneously. Did you find the same effect of being a unique character in the French context as in the Japanese context? Or was it different?

CG: Yes, I was also unique for the French. When I arrived in France in 2005, the French viewed me as somewhat of an anomaly. I was French, but not a typical Frenchman. I was a multinational French, which in a way, for the French, isn't very French. They saw me as a sort of sub-Frenchman because I wasn't entirely French. I knew this meant I wouldn't have many friends, but it didn't bother me. From the beginning, there was scepticism about me, who was this guy who wanted to teach us how to run a company? They wanted to put me in a French box, wanting me to behave and act French, but I was entirely contrary to that. This is why my relationship with the French intelligentsia and politicians was strained from the start. For example, French CEOs typically accompany the French president on overseas trips to show that the president is engaging with business leaders and creating jobs. During my tenure, I saw four French presidents: Chirac, Sarkozy, Hollande, and Macron. Between their terms, I received about 100 invitations to participate in such visits, but I attended none of them. For me, it was a waste of time to sit on a plane with the president, waiting for him to wake up, and just be a showpiece. The French saw this as me being unwilling to integrate into the intelligentsia, interpreting it as me disliking France. However, it wasn't about

disliking France. If I didn't like France, nothing obliged me to go there. I was already CEO of Nissan and had many offers, including from General Motors and Ford. I didn't need the French passport; I had three others. So, their interpretation of me as arrogant and aloof was incorrect. I didn't engage with influential French clubs like Le Siècle, which they found off-putting. My refusal to participate in such activities was seen as arrogance. They thought I didn't want to mix with them because I didn't attend their events. This attitude created the perception that I was a haughty outsider. The documentary on me reflects this sentiment, showing a Frenchman saying I was too grand for them because I mingled with American senators. In France, I was different. On top of this, the French didn't like that I didn't owe my job to any political party or patron. I was chosen because I was the most famous CEO in the industry at that time, and they couldn't select anyone else. They didn't like that I set my conditions: either take me as the CEO of both Renault and Nissan or find someone else. The French like to impose their will, but I was imposing mine. In many ways, this was seen as arrogance because in France, political power is considered above corporate power, unlike in the US or UK, where CEOs are seen as equals to political figures.

THE AUTHORS: In relation to what you just said, it's fascinating how you enabled yourself as a salaryman CEO. At the same time, you mentioned that standing out is unique in the Japanese context and that you kept the old guard in the company for a reason. Isn't there a danger in keeping your enemies close, as they might take their chances the moment you show weakness? Especially since you not only distinguished yourself from the traditional old guard but also gained support from regular workers by working hard like a salaryman. Doesn't this make you even more distinct from the traditional leaders?

CG: Yes, well, first, I personally think that strategically, when you have an enemy, it's better to keep him near you rather than to throw him away. It's dangerous, yes, like keeping a snake in your surroundings. When you're not paying attention, you could be bitten. But at least when the enemy is near you, you know how he's acting, what he's thinking, and how he's connecting with others. In my conviction and belief, there is a bit of a snake in everyone. Even if you support me today, there might be a part of you that doubts my abilities or intentions. Most people might have just 1%, 5%, or 10% of a snake in them. So, if you want to combat not only the actual snakes but also the spirit of the snake, you need to keep them close. Understanding their thinking, the arguments they use, and their positions helps you win the hearts of those who support you, as there's always some element of truth in what they say that might influence others. At the end of the day, I lost the battle in Japan because I was no longer CEO. However, don't forget that I managed Nissan from 1999 to 2017 with full

power. My authority wasn't due to having an army, police, or threatening people. It came from my performance, status, and what I had done for the company. The plot against me developed after I stepped down as CEO. I became more distant from the company and the Japanese public, spending less time in Japan. This distance was exploited by my enemies to say, "Now it's time to get rid of him." The real motive was to cut ties with France. I was seen as the instrument of French influence on Nissan. They thought, "Enough is enough." After various incidents and the perceived arrogance of figures like Macron, the Japanese decided to limit this influence. Someone came up with the idea that the only way to put an end to it was to get rid of Carlos Ghosn. By doing so, they believed French influence would dissipate because I was the figurehead of that influence. Unfortunately, they were right.

THE AUTHORS: How do you respond to the saying that "Louis Schweitzer is the counter-power to Carlos Ghosn"? Could you comment on your relationship with him?

CG: Louis Schweitzer is a very different person from me. Physically, he's very different, tall, thin, white, and curved, whereas I am shorter, more muscular, and brown. Even physically, it's clear we are very different individuals. In terms of character, he is a very polite civil servant, a graduate of ENA (École Nationale d'Administration), with no technical background. He was the chief of staff for Laurent Fabius when Fabius was the Prime Minister of France. He comes from the French elite and lived mainly in Paris. He is the grandchild of Dr. Schweitzer, and he's a Protestant, while I am Catholic. If you were to choose two people as different as possible, it would be hard to find a more contrasting pair than Louis and me. Yet, he chose me. He hired me knowing I was very different from him, probably because he needed someone unlike himself. When I joined Renault, our relationship wasn't very good. I hated the Franco-French ambiance where they would discuss building a plant in Russia only to talk about it in Paris, not caring about the plant's actual performance. Their approach was more about internationalization, maintaining their French identity abroad, rather than true globalization, which involves integrating international experiences into the home identity. Louis wanted to internationalize Renault, whereas I wanted Renault to be a truly global company. This difference in vision created tension. I was a member of the board and the number two at Renault, but if the Nissan opportunity hadn't come along two years after I joined, I would have left. I had several job offers from other companies to become CEO. When the Nissan proposal came, Louis told me he couldn't handle Nissan without me. The Japanese also insisted on having me because they believed I was the only one who could do the job. I moved to Japan and worked with Louis for only two years before I left for Nissan. After my successful revival of Nissan, Louis wanted to make Nissan a subsidiary of Renault,

but I opposed this, as it was contrary to our promises to the Japanese. This created significant tension between us. Despite his pressure, I refused to agree to the merger, insisting on managing the companies as partners without merging, as I didn't believe in mergers. This tension persisted because I was growing in influence and popularity, making it difficult for Louis to confront me. By 2005, when he wanted to retire, I told him I didn't want to take the job at Renault unless I could also manage Nissan. He was panicked, but he had no choice but to agree because otherwise, Nissan would appear as the leading force in the alliance, which the French wouldn't accept. Louis retired and stayed on as chairman for two to three years, handling political relations and attending events, which freed me to focus on the business. Eventually, the board asked him to leave, and I became chairman. Although I didn't handle the political and social aspects as he did, Louis had been very helpful in covering that side, which prevented problems while he was chairman.

Commentary: Ghosn's leadership at Nissan and Renault exemplifies the challenges of cross-cultural management, particularly within Japanese and French corporate contexts. His tenure highlights how cultural dimensions, leadership styles, and strategic tensions shape managerial discretion in MNCs.

In Japan, Ghosn's outsider status and transformational approach sharply contrasted with norms rooted in collectivism, hierarchy, and consensus-based decision-making (Nonaka & Takeuchi, 1995). Hofstede's (1980) cultural dimensions, high collectivism and uncertainty avoidance, help explain Japanese resistance to rapid change. Hampden-Turner and Trompenaars's (1997) concepts of particularism and communitarianism further clarify the rigidity of Japanese corporate structures, reinforcing incrementalism and resistance to disruption (Gotoh & Sinclair, 2021). Building on the cultural tensions discussed in the first commentary, this section deepens the analysis by examining how national cultural codes, beyond corporate norms, shaped the institutional reception to Ghosn's leadership.

Ghosn's leadership style aligned with transformational leadership principles, notably idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Avolio et al., 2009). His authority derived from performance outcomes and a vision that inspired organizational commitment, even amid cultural friction.

The French context posed different but equally complex challenges. French corporate culture reflects moderately high-power distance, uncertainty avoidance, individualism, and long-term orientation (Rao-Nicholson et al., 2020). As d'Iribarne (2005, 2015) notes, French management culture emphasizes rituals of honor and elite networks. Ghosn's refusal to engage in such rituals was seen as arrogance, fueling tensions with the French elite and isolating him

within the national corporate landscape. This echoes the broader theme, introduced earlier, of Ghosn's 'double outsidership': too visible for Japan's consensus culture, too autonomous for France's elite institutions.

Navigating France's cultural context requires balancing authoritative leadership with participative management (Fitzpatrick, 2017; Vallone et al., 2022), respecting structured processes while introducing change (Sheaffer & Mano-Negrin, 2003; Fitzpatrick, 2019), and integrating both individualistic and collaborative practices (Blazewski, 2012). Ghosn's distinct multinational style challenged these expectations, compounding cultural misalignments. Cultural intelligence and strategic adaptability are critical in cross-cultural leadership (Lee et al., 2022; Zeng et al., 2009; Konopaske et al., 2009; Çolakoğlu, 2012). Ghosn's unwillingness to conform to French elite expectations intensified his outsider status, creating strategic and operational tensions that complicated his leadership.

His relationship with Louis Schweitzer further illustrates these cultural divides. Schweitzer represented traditional French internationalization, seeking to maintain French identity abroad, while Ghosn pursued genuine globalization. This strategic divergence exemplifies how differing cultural conceptions of corporate identity can strain leadership dynamics (d'Iribarne, 2005, 2015).

Ghosn's purposeful outsider positioning resonates with research on international managers navigating elite institutional frameworks in postcolonial or hierarchical contexts, not only through outright resistance but also through strategic assimilation and survival, often in conditions marked by dissonance and constrained agency (Prasad & Qureshi, 2016). His rejection of dominant scripts, cultivation of autonomy, and embrace of a global identity enhanced his strategic distinctiveness but also heightened his vulnerability to institutional resistance.

In conclusion, Ghosn's leadership journey at Nissan and Renault offers critical insights into the intersection of transformational leadership, managerial discretion, and cultural alignment. His case illustrates both the transformative potential and the systemic risks associated with outsider leadership in multinational environments.

Theme 3: Nissan's Turnaround and Performance

THE AUTHORS: Do you think you started on the wrong foot when you announced the revival plan for Nissan by being aggressive? Do you believe that being parachuted into Nissan played a role in your character assassination, instead of following the seniority program? Could you describe why you had the latitude to introduce such significant changes at Nissan? What were

the driving forces behind the changes, what were the restraining forces, and what did you do to overcome the restraining forces?

CG: Despair. People were desperate. I had more trouble turning around Renault than Nissan. Why? Because Renault's situation was mediocre, not desperate. It's more difficult to turn around a mediocre company than one that is completely demolished. When people are desperate, they are more willing to embrace radical change. Let me tell you about my first meeting with the unions at Nissan in 1999. The Nissan unions were known as the most turbulent and aggressive among Japanese car makers. They had endured ten years of decline, job reductions, petty cost-saving measures like limiting air conditioning, and reducing office supplies, measures imposed by incompetent management trying to save the company. The unions were fierce because they saw no vision or hope for recovery. In my first meeting with them, they told me bluntly: "Mr. Ghosn, you're a foreigner. You can't shut down plants, you can't do this, you can't do that." They were ready to oppose me. I was very frank with them. I said, "I didn't come here because I like you or Japan. I came here with one mission: to save the company. Do you agree with this objective?" They said yes. I replied, "Then please support me. Let me do whatever is necessary. If I don't deliver results quickly, get rid of me." This approach stunned everyone. I told them, "Give me one year. If I don't deliver in the first year, you can do whatever you want." They responded by saying they would support me as long as I delivered the performance I committed to. This was an amazing statement from the unions and showed how desperate they were. They wanted me to succeed because they saw this as the last chance for their company. After two years, during union negotiations, they presented their requests. Traditionally, these negotiations take several sessions and months to conclude. But when they handed me their list, I said, "I'm not going to negotiate. I'm going to give you everything you want because you supported the revival of the company." This was a shock for the industry. I received phone calls saying, "You can't do that in Japan. You need to follow the protocol." But I wanted to send a clear signal: if you support me, you will benefit. I wasn't going to give everything to the shareholders; I wanted the employees to benefit as well. This approach was part of why the old guard didn't like me. I brought a completely new perspective. Even people inside the company were surprised, saying, "You can't decide immediately." But I wanted to show that playing with me meant winning. I wanted to encourage the employees to continue delivering for the company.

THE AUTHORS: Throughout your career, you received many awards and recognition that elevated you to the status of a "CEO celebrity." To name a few: Fortune magazine listed you among the world's top 12 executives outside the US, the Financial Times considered you the

third most-respected business leader worldwide, and Automotive News named you the "Industry Leader of the Year" three times, in 2000, 2001, and 2003. You were appointed an honorary Knight Commander of the British Empire, and in Japan, a manga was dedicated to you. Do you think that this celebrity status affected your latitude of action? Was the CEO celebrity status, for example, helpful in allowing you to take extreme measures?

CG: It's true that I became indispensable for a period of time. The French were ready to dispose of me after I finished the goal of making the alliance irreversible. For the Japanese, I had already done the job, they saw me as having saved Nissan and turned around Mitsubishi, which made a V-shaped recovery in 2018. So, I was disposable to the Japanese and indispensable to the French. The critical point is that they could have handled it differently. They could have had an official come to me before renewing my mandate and say, "Mr. Ghosn, we appreciate your work, but we don't think the next phase is for you due to potential issues with the French government." Frankly, I would have left because I didn't hide the fact that I was considering stepping down. But they didn't approach me like that. They didn't want the French government to elect someone at Renault who could carry on my mission, obviously not as well or with the same credibility due to my legitimacy in Japan. They wanted to surprise everyone with my arrest, destroy my image, and then impose their own candidate on Renault without giving them time to prepare. It was a Pearl Harbor kind of approach, completely unexpected. Hiroto Saikawa, who was appointed CEO of Nissan, was not very subtle and revealed this during his press conference right after my arrest. He talked about what a bad person I was, even though he had worked with me for 15 years. He said, "Now is the time to rebalance the relationship," which was very unsubtle. A more tactful approach would have been to say, "Mr. Ghosn was my role model, but I discovered some issues over time." Instead, he immediately painted me as a greedy dictator and then claimed it was time to rebalance the relationship. Their blatant statements made it clear this was a plot. The documentary "The Last Flight" also supports this. In it, the Japanese Minister of Justice and the general prosecutor make arguments that even my supporters couldn't have made better. One said I needed to come to Japan to prove my innocence, implying guilt beforehand. The Minister of Justice made emotional appeals, contrasting my imprisonment with the luxury of my home in Beirut, which only showed how emotionally driven their case was. They aimed to make me look guilty and use my wealth and power against me in the court of public opinion.

THE AUTHORS: You mentioned in a talk at Stanford that many consultancy firms approached you, offering their services to help turn around Nissan, with some even offering their services

for free. Why did you not accept such offers? Wouldn't that have helped in dividing the responsibility and the blame in case the plan failed?

CG: Frankly, I believe consultants are important when you don't know where to go or when you need benchmarks to gauge what is too much or too little. In those cases, consultants are valuable. However, I knew where I was going, so I didn't need their help. My benchmark was the maximum possible, so I didn't see a need for consultants. Moreover, I wanted the Nissan team to feel that the plan was their own. It was essential that this was seen as the Nissan plan, not a Renault plan or a McKinsey plan. Consultants often want to attribute the success to themselves as a marketing tool, saying, "We helped create the Nissan Revival Plan." I didn't want that. I didn't want any consultants involved so that no one could claim it was their plan. I wanted it to be entirely internal. The Nissan Revival Plan needed to be a Nissan effort, with no external consultants. This approach was crucial because the plan involved a lot of tough measures. It wasn't a bed of roses. The plan included shutting down plants, reducing headcount, cutting shareholding, and challenging the seniority system. These were difficult actions that people generally don't like to undertake, so we needed the Nissan management to fully own and support the plan.

Commentary: Ghosn's approach to Nissan's turnaround illustrates the dynamics of managerial discretion and transformational leadership in crisis contexts. His aggressive strategy was enabled by Nissan's desperation, which lowered resistance to radical change (Hambrick & Finkelstein, 1987; Kotter, 1996). Ghosn's sweeping decisions, plant closures, layoffs, cultural restructuring, demonstrate the expanded managerial latitude crises can afford.

Central to Ghosn's effectiveness was his application of transformational leadership, particularly idealized influence: serving as a credible role model who inspired followers to transcend self-interest (Avolio et al., 2009). By aligning his professional fate with Nissan's success, he built trust and motivated employees, even in a rigid, hierarchical setting (Tuán & Djurkovic, 2019; Jansen et al., 2008). This builds directly on earlier themes, where his performance-based legitimacy, developed despite institutional constraints, was positioned as a key enabler of discretion.

Ghosn's global celebrity initially strengthened his informal power, facilitating transformational initiatives. However, his visibility and foreignness also heightened vulnerability to character assassination, coordinated efforts to undermined legitimacy (Samoilenko, 2021). In Japan's consensus-driven environment, Ghosn's assertive leadership style contrasted sharply with local norms, making him a target for internal opposition (Ikegami & Maznevski, 2019; Graf-Vlachy et al., 2024). This reflects broader challenges in cross-border

knowledge transfer, where cultural differences and power asymmetries fuel resistance (Boussebaa, Sinha, & Gabriel, 2014). His leadership also highlights the relationship between transformational influence and organizational creativity (Ma et al., 2020; Fu et al., 2010). By rejecting external consultants and fostering internal ownership, Ghosn sought to empower employees and strengthen collective commitment, consistent with transformational leadership principles (Avolio et al., 2009).

Initially, Ghosn's international reputation bolstered his decision-making latitude (Rickley & Stackhouse, 2022). Yet, the very traits that enhanced his early legitimacy, visibility, boldness, foreignness, later triggered delegitimization attempts (Graf-Vlachy et al., 2024; Ikegami & Maznevski, 2019), illustrating the precariousness of outsider leadership in culturally constrained environments.

Finally, Ghosn's trajectory underscores the ethical dimension of transformational leadership. Sustaining trust and legitimacy requires consistent ethical conduct (Gan et al., 2023; Hoffman et al., 2011). Although Ghosn's strategies were effective in organizational turnaround, the controversies surrounding his leadership emphasize the fragility of ethical and cultural alignment in complex political contexts.

In sum, Ghosn's leadership at Nissan exemplifies the intersection of transformational leadership, managerial discretion, status, legitimacy, and cross-cultural vulnerability. His tenure highlights both the transformative potential and inherent risks of aggressive leadership in MNCs.

Theme 4: CEO Celebrity and Character Assassination

THE AUTHORS: You mentioned the support of the media and your popularity, being a role model for many, particularly from a societal perspective. Do you think this informal power gave you an advantage compared to your formal power as the Chief Executive Officer of the firm?

CG: There are two things that made me popular in Japan. First, obviously, was performance. Without delivering results, none of this would matter. But the second factor was that I worked like salaryman, not just as a CEO, arriving at 7 a.m. and leaving at 11 p.m. I participated in meetings and made decisions like a middle manager, which is unusual in Japan where middle managers speak, and CEOs remain silent, making decisions from behind the scenes. My door was always open. People could come in if they had issues. I ate a bento box for lunch and enjoyed ramen, a very cheap and popular food. People saw me in ramen shops. All of this created an image of me as a salaryman CEO, not the typical Tokyo University graduate who

is remote, never seen, arrives at 10 a.m., plays golf, and dines in sophisticated and expensive restaurants. I was seen on the streets, in ramen shops, and the media amplified this part of my persona, showing me playing football with my staff in a park, for example. I was a salaryman, not a distant figure.

THE AUTHORS: On April 26th, 2019, Reuters reported that Renault was about to propose a plan to Nissan to create a joint holding company that would give Renault and Nissan equal footing. According to this report, the proposal came after Renault had approached Nissan with a merger idea, which Nissan CEO Hiroto Saikawa rejected and refused to discuss with Renault chairman Jean-Dominique Senard. The proposal of a holding company resembles your plan to create a holding company. What feedback did you receive on your idea of strengthening the bond between Renault and Nissan by implementing a holding company?

CG: Let me tell you how it happened and make the whole story very clear. The beginning of our problems started when the French Minister of Economy, Emmanuel Macron, introduced a controversial law, the "Florange Law." This law stated that if you held your shares in a company for more than two years, you would receive double voting rights. Officially, this was to combat speculation and ensure long-term investment, but in reality, the French state wanted to sell half of its shares in Renault to cover its deficit without losing voting rights. The law was supported by prominent French families and capitalists, like the Arnaults and Bouygues, who owned significant shares in their companies and rarely sold them. This gave them more power in their own companies. The law required two-thirds of shareholder votes to opt out, and I opposed it because I saw it as twisted capitalism. I campaigned against it, asking shareholders to vote it down. Two weeks before the vote, the French government realized they would lose, so Macron orchestrated a capital increase for Renault to boost the state's voting power from 15% to 20%. He did this using taxpayer money, which was against the government's own policies on fighting the deficit. The problem was not just the unfair tactics; it was the impact on Nissan. The French government now had 30% of the voting rights in Renault, while Nissan had zero, which led to distrust from the Japanese side. This eroded the trust, the foundation of the alliance. To calm my Japanese executives and show that I wasn't complicit, I proposed that Renault commit never to vote against any resolution presented by Nissan's board, effectively making Renault unable to influence Nissan. This resolution was accepted, but it left a bitter taste with the Japanese, who felt betrayed. In 2016, I stepped down as CEO of Nissan to take control of Mitsubishi, which required my attention for a turnaround. I believed it was necessary to support Mitsubishi, but it also meant relinquishing my role at Nissan. If I hadn't taken on Mitsubishi, I might have remained CEO

of Nissan, and all these subsequent issues might have been avoided. The situation deteriorated further when the French government's actions were perceived as arrogant and dismissive of the Japanese, creating more resentment. The plot to remove me involved Nissan board members, executives, Tokyo prosecutors, and support from the Japanese government. The logic was to arrest me, discredit me, and eliminate French influence in Nissan. They expected a strong reaction from the French, but when the French government prioritized the alliance over defending me, the Japanese felt emboldened. They underestimated my resolve, as I refused to confess to any wrongdoing and ultimately escaped Japan, something they never anticipated. Their character assassination tactics involved portraying me as greedy and corrupt in Japan and an out-of-touch, wealthy CEO in France. They aimed to make me a despised figure by using these stereotypes to erode my support base. The real schism and hatred began with the French government's actions around the Florange Law and the arrogance of Macron and Hollande. They ignored the Japanese perspective, thinking they could explain everything away, not realizing they were damaging the very foundation of trust that the alliance was built on.

THE AUTHORS: Do you think your success paved the way for your fall? Did your success create some sort of rivalry or envy? If so, how did it affect you? In management literature, we have the concept of the "success breeds failure" phenomenon, also known as the Icarus Paradox, where one's own success can lead to their downfall. Could it be that the expectations towards you increased to such a degree that your exceptional performance was taken for granted, making it easier for others to consider getting rid of you?

CG: No, without any doubt, the fact that you perform and turn things around increases people's expectations. They were very happy the first time you made a profit, but then if you don't maintain a top level of performance, they start to see you differently. This is a normal and logical progression, particularly since I was the head of Nissan for 17 years, which is unusual. Most CEOs stay for five or six years. After such a long tenure, there's a kind of fatigue with the CEO, and expectations become much higher. People start to think, "How about we see somebody else?" This also contributed to my decision that it was time for me to go. Interestingly, when I left the CEO position to Saikawa, the performance in 2017 and 2018, which was under his leadership, was still attributed to me. Even now, with Nissan's poor performance, they blame me, saying, "We have bad performance because Mr. Ghosn was too aggressive." In 2021, they were still talking about me in relation to the company's performance, which is unbelievable. So, I agree with you. There is fatigue when you stay a

long time, and expectations rise higher and higher. That's why people should not stay in the same position for too long.

THE AUTHORS: Just to follow up on this, in April 2017, when you stepped down as CEO and handed the position to Hiroto Saikawa, was that the trigger for what led to your character assassination? Do you feel like you gave them the key to open the door to this character assassination?

CG: When they decided to orchestrate the plot against me, it was very obvious who was involved. There were some people on Nissan's board and some executives at Nissan who colluded with the Tokyo prosecutor and had the support of some members of the Japanese government. The people at Nissan involved were three board members, Toyoda, Nagai, and Imatsu, and some executives, including Saikawa, Hari Nada, Onuma, and Kawaguchi. The prosecutors in Japan are very proud because they have a 99.4% conviction rate. In any normal country, that would be a disturbing statistic, but for them, it proves their superiority. They view it as proof that they are doing an excellent job. The prosecutors wanted a high-profile target to showcase their power, and I was the perfect trophy, foreign, successful, powerful, rich, and French. They were also upset with the French government's behavior and saw me as a way to exact revenge. However, they couldn't act without government support. I used to meet monthly with the Minister of Economy, Trade, and Industry (METI) or the Minister of Finance. This habit continued with Saikawa. There's no way METI didn't approve this plan. The Minister of METI at the time, Hiroshige Seko, wasn't the top figure; he was more of a second-in-command. The real influence likely came from Yoshihide Suga, who was the Chief Cabinet Secretary and also a representative for Yokohama, where Nissan's headquarters are located. Suga frequently visited Nissan's headquarters and was involved in political fundraising through legal means. The plot's logic was to arrest me. If they had merely removed me from the board, I would still have been the CEO of Renault and a major shareholder in Nissan. I could have exposed them, garnered public support given my fame in Japan. They needed to use the legal system to accuse me of greed and theft, thus destroying my reputation. For 17 years, I had been seen as a role model, but they aimed to change public perception drastically. Initially, they were afraid of the French reaction. They hired firms to manage the response, expecting resistance. However, the French government eventually prioritized the alliance over an individual, abandoning me on the battlefield. This emboldened the Japanese to proceed. Their mistake was underestimating my resolve. I stood firm in not acknowledging any wrongdoing and escaped Japan, an outcome they never expected. In Japan, they could keep me detained for as long as they wanted, silencing me

indefinitely. They intended to keep me imprisoned for many years to prevent me from speaking out and to turn public opinion against me in both Japan and France. Take the example of Iwao Hakamada, a prominent figure in Japan, who was wrongfully convicted in 1968, and spent decades in prison before being exonerated. It is only in 2023, that Hakamada was finally acquitted of the charges. In Japan, after 17 years of being celebrated, it was difficult for the public to suddenly see me as a villain. In France, they attacked my wealth and status as a CEO, playing into national sentiments against the rich and powerful. They painted me as out of touch, not truly French, and unworthy of support. Their character assassination was more successful in France than in Japan, where skepticism remained about the sudden change in my portrayal. They aimed to make me a despised figure by using stereotypes, the greedy dictator in Japan and the out-of-touch wealthy CEO in France. They wanted someone who conformed to traditional expectations, not someone like me who was global and independent.

Commentary: Ghosn's leadership tenure at Nissan illustrates how CEO celebrity intersects with corporate governance, cultural norms, and organizational politics. His distinctive persona and media visibility created significant informal power, contributing to his effectiveness during Nissan's turnaround. Yet, the same visibility amplified his vulnerability within Japan's consensus-driven and discreet corporate context.

Ghosn's elevated status as a "celebrity CEO" reflects broader trends in global leadership, where CEOs leverage personal visibility to enhance organizational reputation and stakeholder engagement (Musteen et al., 2010; Haleblian et al., 2017; Lee et al., 2020). Research suggests celebrity leaders often enjoy greater strategic latitude due to their enhanced legitimacy (Cho et al., 2016; Park et al., 2011; Graf-Vlachy et al., 2019). Ghosn's "salaryman CEO" image, contrasting sharply with traditional aloofness among Japanese executives, provided him with unusual influence within Nissan and in broader Japanese society.

However, CEO celebrity is a double-edged sword. Media-driven prominence can swiftly shift from an asset to a liability when perceptions change (Cho et al., 2016; Graffin et al., 2013). Ghosn's high visibility exposed him to intense scrutiny and magnified the backlash following accusations, reflecting the "success breeds failure" phenomenon, where success heightens expectations and subsequent disappointment (Busenbark et al., 2016; Miller, 1992). This intensifies the vulnerability previously discussed in the context of cultural misfit, visibility without embeddedness becomes precarious when institutional protection wanes.

Cultural dynamics deepened Ghosn's vulnerability. Japanese corporate norms, emphasizing collectivism, restraint, and hierarchy (Singh et al., 2004; Hussain & Su, 2023;

Ikegami & Bird, 2023), clashed with his assertive, individualistic style. As already outlined in earlier sections, this misalignment was not just personal, it was structurally encoded in national business systems and provided fertile ground for adversaries to erode his legitimacy (Rickley & Stackhouse, 2022; Graf-Vlachy et al., 2024).

Ghosn's prosecution sparked broader debates about governance, justice, and national identity in Japan (Ikegami & Bird, 2023; Han et al., 2024). His high-profile case, shaped by a justice system with extremely high conviction rates, intensified perceptions of cultural and legal bias, especially against a visible foreign executive.

The campaign of character assassination against Ghosn illustrates the sociocultural dynamics of leadership crises. According to Samoilenko (2021), adversaries exploit cultural stereotypes to delegitimize leaders. Ghosn was portrayed in Japan as greedy and arrogant, and in France as an out-of-touch elite, exacerbating his fall. French cultural antipathy toward wealth further deepened his vulnerability in Europe.

Transformational leadership theory adds further insights. Ghosn's idealized influence (Avolio et al., 2009), his inspirational, visionary leadership, initially mobilized Nissan's workforce. Yet, transformational leaders are vulnerable to backlash when heightened expectations collide with cultural resistance to high-profile, assertive leadership.

Ultimately, Ghosn's story highlights a crucial tension: while CEO celebrity can catalyze transformation, it also creates profound vulnerabilities when local cultural sensitivities are misaligned. His fall underscores the precarious balance between global leadership practices and the socio-political dynamics of host environments.

Theme 5: Renault-Nissan-Mitsubishi Alliance:

THE AUTHORS: So, is this the reason why the French insisted on renewing your mandate for another four years? Was it because you could calm down the Japanese and better manage the conflict that had arisen between the two sides?

CG: In 2018, my mandate as the head of Renault was ending in June. The question of my replacement at Renault and the head of the alliance arose. Personally, I wanted to step down. I felt I had accomplished my goals: transforming Renault, turning around Nissan, saving Mitsubishi, and bringing them to the top of the industry. We were number one in 2017 and 2018, with very profitable companies, each growing with a clear vision. I felt it was time to move on. However, the French didn't want me to leave, even though they never liked me. I was unlike other CEOs who bowed to ministers and engaged in sycophancy. Despite this, they believed I was the best person to make the alliance irreversible, fearing that the Japanese

might withdraw. They did everything to persuade me to stay. They promised to stop attacking me over my compensation and offered full support for another four-year mandate. In hindsight, I recognize it was a mistake to stay; I should have left. The entire board of Renault supported me, including union representatives and government officials. They sent a letter to Renault shareholders, praising my exceptional leadership and successful growth strategy, and urging support for another four-year term. On the other hand, the Japanese were suspicious. They knew the French politicians didn't like me, as evidenced by the press campaigns against me. The sudden change in tone from the French raised their suspicions. They believed there was more to the deal than what was being said. Despite my opposition to a merger and advocating for a holding company that maintained the autonomy of Nissan and Renault, they feared the French would push for a merger regardless of my stance. The Japanese Minister of Industry, along with others, distrusted the French intentions. They saw my proposal as the first step towards a merger, which they wanted to avoid. They began plotting to stop this process. There are emails exchanged within Nissan and with third parties before my arrest that discuss this. They concluded that the only way to change the governance structure was to use investigative powers. This method, now increasingly common globally, uses legal actions to address political or economic issues. My arrest was part of this strategy. Hari Nada, who was the general counsel of Nissan at the time, later admitted that my arrest was necessary because if I hadn't been arrested, I could have turned the tables on them with the support of Japanese public opinion and my position as a major shareholder of Nissan.

THE AUTHORS: One more thing to comment on this: Based on our discussion, it seems we can summarize by saying that the French prefer control over performance, whereas the Japanese prefer performance over control. Is that accurate?

CG: Yes, it's true that the French prioritize control over performance, while the Japanese prioritize performance over control. However, performance by a foreigner is somewhat problematic for them. Performance by a Japanese is their number one priority, with control being second. Performance by a foreigner is a bit more complicated. There are many differences within Japan, just as there are in any country. The Japan of Koizumi was openly progressive, encouraging trade, investment, learning English, and promoting women. In contrast, the Japan of Abe and Suga is more traditional and nationalist, with an anti-China and anti-Korea stance. Unfortunately, we are currently in a period where the more conservative and nationalist elements are in power. This shift has made Japan more discriminatory. A clear example is the case of Greg Kelly. Despite extensive investigations into his computers, phones, and personal life, he was charged with only one alleged offense:

complicity in not declaring compensation that was neither decided nor paid. In most countries, this wouldn't even be considered an offense, as people often make plans and simulations that never come to fruition. For this single charge, Greg Kelly has been held in Japan for over three years, when his final judgment took place in March 2023, -three and a half years after his initial detention. Although he appealed, the process has been obviously delayed. It's a baseless charge, as noted by U.S. Senator Roger Wicker. Meanwhile, Saikawa, who was involved in the same meetings and signed the same documents, remains free and enjoys his retirement. There is no way to justify that one is guilty, and the other is not. The only explanation is that one is Japanese, and the other is not. In my opinion, Greg Kelly is not guilty. However, if one were to consider him guilty, Saikawa would be even more culpable since he was the CEO and had more responsibility. Yet, Saikawa is living comfortably, while Greg Kelly has to face strict conditions, unable to see his grandchildren, spending his retirement savings on legal fees, and residing in a small apartment under constant supervision for three years. This is clearly discriminatory.

Commentary: While Ghosn's leadership at Nissan initially thrived within a crisis context that expanded his managerial discretion, the later years of his tenure illustrate how external political forces progressively constrained this discretion. The evolution of the Renault-Nissan-Mitsubishi Alliance highlights the critical role of institutional and geopolitical pressures in shaping, and ultimately limiting, a CEO's latitude of action. The analysis here builds upon earlier themes of cultural misalignment and power dynamics, extending them from the firm level to the realm of international political economy.

Ghosn's discussion about his renewed mandate reveals the growing tension between French and Japanese stakeholders. The French government, prioritizing control and stability, sought to retain Ghosn to secure the Alliance's future amid political uncertainty. This decision underscores the theme of managerial discretion: Ghosn's unique position granted him extraordinary influence across national corporate boundaries (Gupta et al., 2019). However, the Japanese response, marked by suspicion and eventual resistance, exemplifies how national priorities and corporate governance philosophies can clash, constraining executive autonomy even at the highest levels (Hambrick & Finkelstein, 1987; Wangrow et al., 2015; Graf-Vlachy et al., 2024).

The divergent cultural attitudes towards control and performance further complicated the Alliance dynamics. The French preference for control over performance clashed with Japanese prioritization of performance, especially by native leaders, over external governance

(Caputo et al., 2018; Halkos & Skouloudis, 2017). Ghosn's experience underscores how deep-seated cultural frameworks influence perceptions of legitimacy and leadership, shaping the scope for managerial discretion.

Effective navigation of such complex alliances demands high levels of cultural intelligence, defined as an individual's capability to function and manage effectively in culturally diverse settings (Earley & Ang, 2003). This includes cognitive, motivational, and behavioural dimensions that enable leaders to interpret unfamiliar cultural cues and adapt their responses accordingly. Leaders must reconcile differing expectations around autonomy, authority, and organizational loyalty (Zheng et al., 2017; Luksyte et al., 2020). Ghosn's reflections reveal how the absence of this reconciliation, especially on the French side, exacerbated distrust and destabilized the Alliance, narrowing his discretion further.

The collectivist orientation of Japanese corporate culture, emphasizing in-group loyalty and shared performance goals, heightened resistance to foreign control narratives (Schweiger et al., 2019; Jehn et al., 2001). While Ghosn initially leveraged this collectivism to drive performance improvements, the erosion of trust at the national and political level undermined these gains. Cultural distance, particularly regarding power dynamics and performance expectations (Hofstede, 1980; Ravlin et al., 2012), thus played a decisive role in diminishing Ghosn's authority. This echoes the collision course dynamic introduced earlier, where high enacted discretion eventually meets growing institutional resistance and cross-border friction.

Moreover, corporate social responsibility practices and national governance style affected stakeholder perceptions. In France, rigid compliance traditions framed Corporate Social Responsibility (CSR) efforts, while in Japan, performance-oriented legitimacy mattered more (Coombes et al., 2011; Lettice et al., 2014). These differing expectations around control and performance contributed to the unraveling of the Alliance's internal coherence.

The broader governance tensions between France and Japan mirror neo-imperial dynamics in multinational corporations, where home-country dominance often clashes with host-country autonomy (Boussebaa & Morgan, 2014). Ghosn's experience demonstrates how political shifts toward nationalism and conservatism, as seen in Japan during Abe and Suga's leadership, can exacerbate discrimination against foreign executives, further limiting managerial discretion (Shen & Cho, 2005). In sum, Ghosn's final years at Renault-Nissan-Mitsubishi exemplify how external political dynamics, cultural misalignments, and shifting stakeholder expectations can systematically erode even the most transformative leadership.

Discussion

In theoretical terms, this paper extends managerial discretion theory by introducing a dynamic, context-sensitive model of hybrid discretion that captures its inherent instability. We highlight a specific failure mode not addressed in existing frameworks, where high managerial discretion is enacted within low-discretion environments. The analysis also bridges international business and leadership literatures by showing how macro-level governance structures, national cultural codes, and symbolic positioning together shape executive discretion. The Ghosn case thus provides not only a compelling illustration of these dynamics but also a generative lens for theorizing leadership fragility in globally embedded organizations.

Building on Hambrick and Finkelstein's (1987) theory of managerial discretion, our analysis extends existing research by showing that discretion is shaped not only by contextual factors but also becomes unstable when misaligned with local cultural expectations. At Nissan, Ghosn's international experience and crisis management skills expanded his latitude of action, allowing him to enact major changes. His global reputation, amplified by media attention and reinforced through strategic decisions and performance-based compensation, functioned as a mechanism through which discretion was both legitimized and contested. While this reputation initially provided credibility and support during the crisis, it also heightened his visibility in a system that values modesty, group consensus, and low executive prominence. Reputation thus operated as a double-edged sword: enabling discretion in the short term but fueling cultural dissonance and resistance over time, ultimately contributing to his delegitimization. Such temporal shift from short-term legitimization to long-term deligitimisation as cultural and political resistance hardened, emerges as a distinctive theoretical contribution. In hybrid discretion contexts, enacted discretion cannot be understood statically but must be analysed dynamically across time, where initial success may paradoxically sow the seeds of future fragility. This underscores how, in hybrid discretion contexts, CEO reputation can serve not merely as a reflection of performance but as a dynamic resource that becomes a source of instability when misaligned with institutional norms (Crossland & Hambrick, 2011; Hofstede, 1980).

This case also shows that executive discretion is shaped by cultural tensions and competing stakeholder expectations. Research indicates that strategic failures in international alliances often arise from micro-level clashes in institutional logics and divergent assumptions (Durand & Véry, 2024). Efforts to promote inclusion and equity in international business are likewise limited when discretion overlooks local voices and power asymmetries (Rašković et

al., 2025). Ghosn's experience demonstrates how cultural misalignment, coupled with perceived leadership overreach, can intensify resistance and erode organisational legitimacy. Importantly, these dynamics are not generic to "any CEO," but instead illustrate the unique vulnerability of a highly visible foreign executive operating in a low-discretion environment where legitimacy must be constantly renegotiated.

This cultural tension, temporarily masked by organizational success, appears to have accumulated like tectonic stress. As Ghosn's tenure lengthened and internal fatigue grew, the misalignment widened, culminating in resistance, political conflict, and character assassination. We conceptualise this as a process of temporal accumulation: legitimacy erodes not through a sudden event but through the gradual build-up of strain, where each additional year of foreign leadership in a low-discretion national context increases the probability of rupture. The metaphor of tectonic plates aptly captures this dynamic: high-discretion leadership styles operating against low-discretion environments inevitably create hidden fault lines that rupture dramatically.

Our hybrid discretion framework (Figure 1) conceptualizes these dynamics along two dimensions: environmental discretion and enacted discretion, producing four zones. Two quadrants represent relative stability: when both are low, leaders face constraints, but expectations are aligned, leading to steady, incremental management; when both are high, leaders operate with broad latitude in supportive contexts, enabling ambitious moves with lower risk of resistance. A third quadrant, which we term "unused potential," occurs when environmental discretion is high but enacted discretion remains low. Here, the environment permits bold leadership, yet leaders fail to use available discretion, resulting in stagnation and missed opportunities. These three zones are comparatively stable, while the fourth, the collision course, is inherently volatile.

Insert figure 1 about here

The collision course quadrant, where enacted discretion is high but environmental discretion is low, can be inherently volatile and fraught with hidden dangers. Transformational leadership is often celebrated for driving success but, paradoxically, can also set the stage for later instability. Ghosn's radical changes at Nissan rested on a fragile, crisis-driven alignment rather than on deep institutional acceptance of high-discretion leadership. The temporal lens is essential here: discretion expanded under conditions of crisis but contracted once normal institutional logics reasserted themselves, transforming earlier sources of legitimacy into triggers for delegitimization. This dynamic supports emerging evidence that the CEO effect fluctuates during periods of crisis, reflecting temporary shifts in managerial discretion that

become more contested and outcome-sensitive (Kleindienst et al., 2024). As the crisis faded and cultural norms reasserted themselves, the tension between enacted agency and environmental constraint intensified, contributing to his fall. These dynamics highlight the need for transformational leaders in multinational environments to continuously adapt their legitimacy strategies to evolving institutional, cultural, and political conditions (Rickley & Stackhouse, 2022; Gupta et al., 2019). Success in one period can paradoxically harden resistance in another, particularly in host-country contexts marked by strong normative conformity and low tolerance for visible, disruptive leadership styles.

The Ghosn case highlights how national politics, and external institutions shape executive discretion. As tensions mounted within the Renault-Nissan-Mitsubishi Alliance, external actors in France and Japan intervened, reshaping the context in which Ghosn operated. The political and governance struggles between Renault and Nissan reflected deeper issues of control, bargaining power, and structural instability typical of international joint ventures (Inkpen & Beamish, 1997), where asymmetrical ownership often fuels contested discretion and mistrust among partners. This finding illustrates that discretion cannot be examined at a single level of analysis: firm-level agency is intertwined with national and subnational institutional contexts, geopolitical asymmetries, and evolving state–corporate relations. This underscores the need for future research on managerial discretion to integrate not only firm-level factors but also macro-institutional forces (Boussebaa & Morgan, 2014; Shen & Cho, 2005).

Ghosn's downfall also illustrates the vulnerability of global executives who build legitimacy through media-driven celebrity. His case aligns with broader literature on character assassination, where public narratives and stereotypes are weaponized to rapidly dismantle authority (Samoilenko, 2021; Graf-Vlachy et al., 2024). Power struggles within organisations may intensify these dynamics, as reputational attacks are often used to protect entrenched interests and resist perceived threats (Seiffert-Brockmann et al., 2018). The absence of governance mechanisms, such as say-on-pay provisions, which can moderate executive discretion, likely exacerbated these tensions within the cross-national alliance (Baixauli-Soler et al., 2021). More broadly, the case underscores the risks of neglecting local power asymmetries in cross-border alliances. Home-country dominance can trigger internal resistance and erode the legitimacy of foreign CEOs, particularly when they are seen as imposing top-down transformation agendas (Mazé et al., 2024).

Future Research Directions

Our hybrid discretion framework opens several avenues for further research. First, studies could investigate the threshold dynamics that characterize hybrid discretion contexts. Rather

than treating misalignment as fixed “tipping points,” research could examine how cultural, political, and organisational tensions build over time and how this escalation interacts with leadership behaviour. Ghosn’s experience suggests that the erosion of legitimacy is rarely sudden but instead reflects a gradual accumulation of strain. Longitudinal and process-based studies could shed light on how early signals of dissonance are managed or neglected by leaders and institutions, and how these responses shape the trajectory of discretion. Future studies might also explore how tenure length interacts with foreignness, asking at what point early legitimacy derived from crisis-driven performance begins to erode into fatigue, resistance, and eventual delegitimisation.

Second, consistent with calls to move beyond essentialised models of culture (Jackson, 2020), future research should avoid relying on simplified cross-national value dimensions and instead adopt more nuanced approaches to understanding cultural frictions. Scholars such as Boussebaa (2021) have critiqued the field’s over-reliance on Hofstede-inspired frameworks, arguing that the fixation on “cultural differences” and national averages has led to theoretical stagnation and methodological nationalism. He calls for a shift toward analysing corporate-driven cultural globalization, whereby transnational actors such as MNEs actively construct and disseminate norms, practices, and identities shaped by neo-imperial power asymmetries. Relatedly, Alvi and Williamson (2023), show how responses to global financial standards varied widely across emerging markets, illustrating the messiness of national contexts and the dangers of strategizing based on a monolithic view of culture. We extend this point by emphasizing that subnational variation is equally important: cultural and institutional environments differ across regions, industries, and localities within a single country, and such heterogeneity can decisively shape how discretion is enacted and contested (Hutzschenreuter, Matt, & Kleindienst, 2020). Future research should therefore explore how subnational political economies, labour institutions, and cultural practices constrain or enable executives in ways that national-level averages cannot capture. Aligned with this perspective, future research could investigate how culture is lived, negotiated, and contested through discourse, identity work, and institutional interaction, rather than treated as a fixed or binary construct (e.g. high vs. low power distance). Ghosn’s case illustrates how cultural dissonance unfolds not only through abstract dimensions but also in everyday practices, expectations, and symbolic boundaries shaped by historically embedded geopolitical forces. Interpretive, narrative, or ethnographic methods, especially those informed by postcolonial or critical international political economy lenses, can offer deeper insight into these lived experiences of cultural complexity.

Third, future research should examine how leaders manage legitimacy in hybrid discretion contexts, not only in establishing it but also in defending and adapting it as resistance grows. Ghosn's case shows how a singular, performance-based legitimacy claim can become counterproductive over time. Future studies could investigate how executives use discursive, symbolic, and relational strategies, such as narrative repair, stakeholder alliance-building, and rhetorical reframing, to navigate shifting legitimacy conditions. This also raises the question of how leaders respond when they face "collision courses" between enacted discretion and the limits of their environment: some trajectories end in rupture, while others may involve successful recalibration. Comparative and configurational approaches could therefore help identify the combinations of leadership traits, institutional factors, and stakeholder dynamics that distinguish escalation from stability. Integrating insights from impression management, institutional work, and strategic communication may yield a more nuanced understanding of how leaders negotiate their discretionary space amid cultural and political tensions.

Conclusion

This study has examined Carlos Ghosn's trajectory through the lens of hybrid discretion, showing how the interplay of cultural, institutional, and political forces shapes both the possibilities and fragilities of executive leadership in globally embedded organizations. By highlighting the temporal dynamics of legitimacy, where reputation serves as both enabler and constraint depending on the phase of tenure, we extend managerial discretion theory to account for the instability of leadership in low-discretion environments. By extending managerial discretion theory, bridging insights from international business and leadership literatures, and illustrating the dynamics of legitimacy and cultural dissonance, the analysis contributes to a more nuanced understanding of leadership in constrained contexts. In doing so, it underscores the value of theorizing executive discretion as dynamic, contested, and deeply embedded in its institutional environment.

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Figure 1: Hybrid Discretion Framework: Environmental and Enacted Managerial Discretion

Source: Author's own creation