

*Business Success and Personnel Practices: Nissan and Japanese Management Case Studies*

ريادة الأعمال وممارسات الموظفين: دراسة حالة شركة نيسان كنموذج للإدارة اليابانية

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**Abstract:**

This paper examines two case studies of successful business practices, Nissan, and Japanese management, to analyze how personnel practices can impact a business's success. It discusses the changes that Nissan implemented to its personnel practices, including restructuring its workforce, rewarding high-performing employees, and increasing its focus on employee training and development. It also looks at the revival plan of Carlos Ghosn and how Japanese management emphasizes the importance of communication and collaboration, the development of employees' skills and knowledge, clear and concise communication, and a long-term view.

This paper highlights the importance of considering local workplace culture and striving to create a sense of unity and harmony in the workplace, as well as the need for change management to remain competitive in an ever-changing market.

This article examines how personnel practices can affect the success of a business, using the example of Nissan and Japanese management. It looks at how Nissan implemented changes to its personnel practices, such as restructuring the workforce, developing a competitive pay system, and creating a merit-based incentive system. It also looks at how Japanese companies strive to maintain workplace harmony and loyalty, develop employees' skills and knowledge, and emphasize a long-term view. Lastly, it examines how Nissan and Japanese management demonstrate the importance of change management and how companies can make the necessary changes to remain competitive.

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**Keywords:** Nissan, Japanese management, personnel practices, change management, workplace culture, communication, collaboration, employees' skills, long-term view.

**JEL Classification Codes:** L0, L1, L3

### مستخلص الدراسة

تبحث هذه الدراسة نموذجين في فن القيادة، شركة نيسان والإدارة اليابانية، وذلك بهدف تحليل كيف يمكن لممارسات الطبقة الإدارية أن تؤثر على نجاح الأعمال. وسوف يناقش البحث التغييرات التي نفذتها شركة نيسان على أداء الموظفين، بما في ذلك إعادة هيكلة قوتها العاملة، ومكافأة العاملين ذوي الأداء العالي، وزيادة تركيزها على تدريب الكوادر الوظيفية وتطويرها. كما يبحث في خطة إحياء كارلوس غصن وكيف تؤكد الإدارة اليابانية على أهمية التواصل والتعاون، وتطوير مهارات ومعارف الموظفين، بهدف التواصل الواضح والموجز، مع النظرة طويلة المدى.

كما تسلط هذه الورقة الضوء على أهمية مراعاة ثقافة مكان العمل المحلية والسعي لخلق شعور بالوحدة والانسجام في مكان العمل، فضلاً عن الحاجة إلى إدارة التغيير لتبقى قادرة على المنافسة في سوق دائم التغيير.

تركز هذه الدراسة على كيفية سعي الشركات اليابانية للحفاظ على الانسجام والولاء في مكان العمل، وتطوير مهارات الموظفين وقدراتهم، والتأكيد على وجهة نظر طويلة المدى. أخيراً، يبحث في كيفية إظهار نيسان والإدارة اليابانية لأهمية إدارة التغيير وكيف يمكن للشركات إجراء التغييرات اللازمة لتظل قادرة على المنافسة.

**الكلمات المفتاحية:** شركة نيسان، الإدارة اليابانية، ممارسات الموظفين، إدارة التغيير، ثقافة مكان العمل، التواصل، التعاون، مهارات الموظفين، الرؤية طويلة المدى.

تصنيفات JEL : L3 , L1 , L0 .

## Introduction

Nissan Company is an example of changing personnel practices<sup>\*</sup>. It is one of the world's largest automakers and it has a long history. In the

<sup>\*</sup>Nissan Motor Company, Ltd. is a Japanese multinational automotive manufacturer headquartered in Nishi-ku, Yokohama, Japan. The company sells its vehicles under

1990s, the company encountered many difficulties in the changing economic environment and fell into challenging times. Some of the key issues it faced included a ten-year loss in market share, being unprofitable for eight consecutive years, having a \$20 billion debt (Shiho Takezawa, 2020), low employee morale, and no new product development (Ghosn, 2005).

To address these issues, Nissan implemented several changes to its personnel practices. It restructured its workforce, eliminating over 50,000 jobs and reducing operating costs by 18%. It also developed a competitive pay system that rewarded high-performing employees and tied salary increases to performance reviews. It also created a merit-based incentive system and a stock ownership program for its employees.

Moreover, Nissan launched a global leadership program to develop the skills of its managers and executives, and it increased its focus on employee training and development. It also increased its emphasis on diversity and inclusion, as well as on workplace safety. Finally, it implemented a system of flexible working hours, allowing employees to take time off when needed while maintaining productivity.

These measures have helped Nissan to turn its business around and become one of the most successful automakers in the world. The company has seen dramatic growth in market share, profitability, and employee satisfaction since the changes were implemented.

### **Methodology**

This paper is based on a qualitative analysis of two case studies, Nissan, and Japanese management. The main source of data was secondary, including reported news, scholarly articles, and other published materials related to the case studies. This allowed for an in-depth exploration of the changes that Nissan implemented to its personnel practices and the impact that these changes had on the company's success. The findings of the research were then analyzed to draw conclusions and offer insights into how personnel practices can impact a business's success.

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the Nissan, Infiniti, and Datsun brands. The company traces its name to the Nissan zaibatsu, now called Nissan Group.

### 1- Nissan-Carlos Ghosn Partnership:

In 1999 entered Nissan a partnership with Renault, a French car company (RNM, 2022). As part of the agreement with Renault, Carlos Ghosn took over as CEO (World Biography 2022)\*. To bring about these changes, Ghosn introduced a revival plan that emphasized performance and productivity. Two key elements of the plan were to motivate employees by stating an unclouded vision for the company and developing a fair appraisal system for promotions and wage rewards.

These changes have enabled Nissan to become a global leader in the automotive industry and to remain competitive in the ever-changing market. The changes to the personnel practices have been instrumental to the company's success, and they have had a positive impact on employee morale and performance.

As part of the revival plan, the seniority system was abolished. Ghosn thought the system was unproductive and should be eliminated. In the reformed system, salaries and promotions were based on merit. At the beginning of the fiscal year, we introduced an incentive system that clarified employee goals. This incentive system attempts to limit the subjective evaluation of employee contributions. Age and tenure were no longer determinative factors but were considered after performance evaluation.

The changes to personnel practices have helped to ensure that Nissan can remain competitive and continue to be successful. Nissan has seen a significant increase in market share, profitability, and employee satisfaction since the changes were implemented. The company's revival plan has shown that personnel practices are an essential element of success and that changes to personnel practices can have a dramatic impact on an organization.

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\***Carlos Ghosn** (1954) is a Brazilian-born businessman. Ghosn also holds French and Lebanese nationalities. As of January 2020, he is an internationally wanted fugitive. Ghosn was the CEO of Michelin North America, the chairman and CEO of Renault, the chairman of AvtoVAZ, the chairman and CEO of Nissan, and the chairman of Mitsubishi Motors. Ghosn was also the chairman and CEO of the Renault–Nissan–Mitsubishi Alliance, a strategic partnership among those automotive manufacturers through a complex cross-shareholding agreement. The venture has held approximately 10% of the total market share since 2010, and as of 2017, was understood to be the largest automobile group worldwide.

Ghoshn agreed with the idea of lifetime unemployment and believed that a company needed to show loyalty to its employees to receive their loyalty. He thought that only companies with prominent levels of performance could guarantee lifetime employment, and thus, it was a worthy goal to aim for. In Nissan's case, every effort was made to protect the employees' job security. Employees willing to make the transfer were guaranteed their jobs.

Nissan has been able to make a successful transition to changing personnel practices, and the changes have been instrumental to its success. By implementing a system of performance-based pay and other measures to motivate and reward employees, Nissan has been able to remain competitive in the ever-changing market.

When the revival plan was announced, every effort was made to win the union's cooperation. After discussions with the union, the union accepted these changes. Also, even though other companies were freezing base wages or limiting annual increases, Nissan agreed to all the wage increase demands of the union.

Nissan has been able to make a successful transition to changing personnel practices, and the changes have been instrumental to its success. By implementing a system of performance-based pay and other measures to motivate and reward employees, Nissan has been able to remain competitive in the ever-changing market. The changes to personnel practices have had a positive impact on employee morale and performance and have been essential to the company's success.

## **2- Japanese management: lessons to be learned**

Japanese management is known for its unique approach to business, which has made it a leader in the global economy. By studying Japanese management practices, several lessons can be applied to businesses in any industry.

The first lesson from Japanese management is the importance of teamwork. Japanese companies emphasize collaboration and cooperation among employees. This practice is based on the idea that the collective efforts of a group can be more effective than the efforts of individuals. By fostering a culture of cooperation, companies can create an environment where everyone has a personal stake in achieving success.

The second lesson is the emphasis on customer service. Japanese companies strive beyond to ensure that customers are satisfied with their products and services. This dedication to customer satisfaction is part of the reason Japanese companies have such a loyal customer base.

Process improvement is the focus of the third lesson. Japanese companies are constantly evaluating their processes and looking for ways to streamline them. This focus on continuous improvement makes them more efficient and helps them to stay ahead of their competition.

Japanese management emphasizes the importance of job satisfaction. Japanese companies understand that if their employees are happy, then they will be more productive and efficient. Companies should strive to create an environment where employees enjoy coming to work and can achieve their goals. We can learn how to create a productive, efficient, and customer-centric environment. In addition to providing interesting insights into the issues of local workplace culture and personnel management, Japanese management provides useful examples of how to manage change (others, 2018).

This is done through communication and collaboration among team members, where everyone is respected and valued. Additionally, Japanese management also emphasizes the importance of long-term relationships and loyalty, both with employees and customers.

Another lesson is that Japanese management focuses heavily on the development of employees' skills and knowledge. This includes training and education to ensure that employees can grow and progress in their roles. Moreover, Japanese management also emphasizes the importance of clear and concise communication between management and employees.

Japanese management emphasizes the importance of a long-term view. This includes making decisions with an eye to the future, rather than short-term gains. This long-term view is also reflected in the way Japanese companies strive for continuous improvement and innovation. Overall, Japanese management provides a valuable model for other companies to follow and can help companies increase their efficiency, productivity, and success (Hirasaka, 2021).

This indicates that the management of personnel should consider local workplace culture, as in the case of Nissan. There may be global standards as far as fiscal management and other scientific skills are concerned, but personnel management is local. It is never considered outdated to take diligent care of our employees (Randall S. Jones, 2019). In the Nissan case,

workplace traditions were respected. Ghosn believed that the Japanese workplace culture had many unique strengths and that it was important not to judge any management system as good or bad but rather to understand it in its context. Similarly, Japanese companies, when expanding abroad, have tried to take local culture into account in their local business practices. It is necessary to consider what works in the society in which your company is based.

Overall, personnel management is an important aspect of any successful business. Companies must consider local workplace culture and strive to create a sense of unity and harmony in the workplace. Companies should also prioritize the development of employees' skills and knowledge, while also focusing on clear and concise communication. Finally, companies should strive to make decisions with an eye to the future and emphasize continuous improvement and innovation. By following these principles, companies can ensure they can remain competitive and successful in an ever-changing market.

These cases also demonstrate good examples of change management. Nissan illustrates organizations making change while maintaining the stronger aspects of the older traditional system. Nissan's Ghosn strived to respect and maintain Japanese workplace traditions and only eliminated those parts of the system that were wasteful and unproductive, while he should try to combine the best parts of Japanese and Western management practices (Pozen, 2018). The case of Nissan also shows the importance of good leadership in bringing about successful change.

Overall, these company examples illustrate that personnel management is an important factor for any business. Companies must consider local workplace culture, prioritize the development of employees' skills and knowledge, and strive to make decisions with an eye to the future. By following these principles, companies can ensure that their personnel practices are up-to-date and relevant to their ever-changing market. Change management is also a key factor for any successful business, and companies can benefit from learning from the successes of others.

Whether and how Japanese management will continue to change in the future is still a subject of much debate (**André Andonian, 2018**). On the

one hand, it appears that parts of the Japanese management system, such as seniority, are shifting from a traditional Japanese style of management to more of a global style of management. On the other hand, the three key traditional Japanese management characteristics observe that in the early twenty-first century, many parts of the Japanese management system, such as lifetime employment, remain the same (Adhikari, 2005). Successful Japanese companies demonstrate that they can make the necessary changes to deal with a changing economic environment while maintaining the strong aspects of the traditional management system.

Change management is also an important factor for any successful business, and companies must be able to make necessary changes while still maintaining the strong aspects of their traditional management system. By following these principles, companies can ensure that their personnel practices are up-to-date and relevant to their ever-changing market.

Many of the principles of Japanese management can be applied in other countries. For example, communication and collaboration among team members are imperative for any successful business, and many companies around the world are implementing team-based structures to increase efficiency and productivity. Companies should also prioritize the development of employees' skills and knowledge and endeavor to make decisions with an eye to the future. Japanese Managers should strive for continuous improvement and innovation, as this is essential to remain competitive in the ever-changing market (Matthew Durack, 2022). Moreover, the importance of respecting local workplace culture should not be overlooked.

Companies should strive to understand the culture of the society in which they are based. This will allow them to create a sense of unity and harmony in the workplace. Furthermore, the administration should be willing to amend their personnel practices while still maintaining the strong aspects of their traditional employment system (Haghirian, 2022). By following these principles, companies can ensure that their personnel practices are up-to-date and relevant to their ever-changing market.



## **Concluding remarks**

Personnel practices are a critical factor in any successful business. Companies must consider local workplace culture, prioritize the development of employees' skills and knowledge, and strive to make decisions with an eye to the future. Change management is also a key factor in any successful business, and companies can benefit from learning from the successes of others. The example of Nissan and Japanese management demonstrates how personnel practices can be managed effectively and help companies remain competitive in an ever-changing market.

This paper examines two case studies, Nissan and Japanese management, to analyze how personnel practices can impact a business's success. It discussed the changes that Nissan implemented to its personnel practices, including restructuring its workforce, rewarding high-performing employees, and increasing its focus on employee training and development. It also looked at the revival plan of Carlos Ghosn and how Japanese management emphasizes the importance of communication and collaboration, the development of employees' skills and knowledge, clear and concise communication, and a long-term view. This paper highlights the importance of considering local workplace culture and striving to create a sense of unity and harmony in the workplace, as well as the need for change management to remain competitive in an ever-changing market. The findings of this paper demonstrate that personnel practices are a critical factor in any successful business. Companies must consider local workplace culture, prioritize the development of employees' skills and knowledge, and strive to make decisions with an eye to the future. Change management is also a key factor in any successful business, and companies can benefit from learning from the successes of others.

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