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Senior Vice President

Dynamism and Diversity

“Once perceived as bureaucratic and slow to change, Human Resources changed dramatically during the NISSAN 180 period. Now, in fact, people occasionally say that we’re changing too rapidly. That may be true, but a positive dynamism is emerging as a result, and Nissan is stronger because of it.

The impetus for many of the modifications comes from top management. Mr. Ghosn, for one, takes a direct and abiding interest in this area of operations. There is also a cross-functional team dedicated to organizational issues that recommends changes to HR policy. And because half the people on our HR staff come from other companies, many suggestions are coming from within as well. The latter is very unusual for a major Japanese company such as Nissan, and is a direct result of a new policy we call Mid-Career Scouting, which actively seeks talent from outside Nissan. All of these activities are indicative of the dynamism that is creating such diversity at the Company.

There is no doubt that diversity is a key theme in our HR evolution. We are currently focusing on three areas in particular: women in the workforce, Mid-Career Scouting, and embracing other cultures. We are working to provide more opportunities for our female employees (please see the Diversity feature on p. 57). Renault, which has a number of female executives—including many with families—has served as a great example for us. Unfortunately, that kind of work-home balance is still rare for women both inside and outside the executive ranks in Japan.

The second area mentioned, Mid-Career Scouting, is still an uncommon practice at Japanese companies. We have found great value, though, in the insights people who have experience in other corporate cultures bring to Nissan, and we are able to learn to take advantage of those insights.

The third area, embracing other cultures, became a more pressing consideration after the Alliance. Suddenly

we had many foreign executives working at Nissan headquarters, and the majority of communications were in English as well as Japanese. As a result, more employees, including non-management staff, are being assigned to work outside of Japan. In addition, proficiency in English is now a prerequisite for all managers at Nissan. These efforts to promote diversity are transforming our corporate culture.

One of the most interesting developments of NISSAN 180 was the advent of the Career Coach system, which we imported from our Alliance partner, Renault. In a modern business structure, HR is in charge of structural and system functions such as compensation. The Career Coach system provides career development for the individual employee. There are five career coaches at this time, one for each of the major functions. Their collective task is to identify people of high potential and create career plans for them. In a sense, they work outside of HR, although they report to me. The coaches gather once a month for the Nissan Assignment Committee, headed by Mr. Ghosn, to report on their activities.

Employees at Nissan also have the chance to control their career paths through our internal “self-career” system on the Company’s intranet. Managers can search for employees registered on the system for open positions they have and proactively post job vacancies on the open-entry system portal. Although the open-entry system has a longer history, the self-career system began in early fiscal 2005 in Japan. We plan to expand both these programs on a global basis.



Nissan Management Institute



In the area of compensation, Nissan has moved even further away from the traditional Japanese salary system. Our annual base salary is commensurate with the industry standard, but we have successfully introduced both a performance-oriented pay system and a "commitment and stretched-target" system. Superior performance is rewarded, with even higher compensation—including stock options for executives—for those who meet their commitments and stretched targets. In 2004, nearly five hundred employees exercised stock options, and we are increasing the number of people eligible to receive them. This has effectively brought Nissan's pay scale to the top in the industry, which has in turn inspired a high-performance corporate culture.

HR will assume an even more prominent role as we work to instill the urge for continuous excellence at Nissan. To strengthen the upper ranks of the organization, for example, we have established the Nissan Management

Institute in Hakone. There are other training centers, but this is the first one focused primarily on leadership development. The trainees are a select group of people taken through programs designed to nurture Nissan's next generation of leaders.

My vision of our future is to create a global HR organization that would oversee the entire Nissan group, including our affiliated companies. Harmonizing our HR policies and procedures would help unite the various group companies, which in turn would leave little doubt that there is just one Nissan.

HR is an integral part of what makes Nissan such a powerful organization. We're attempting to create a well-motivated team, and provide good training for tomorrow's leaders. Look at all the changes that have occurred under strong leadership! If we can produce 20 or 30 leaders like Carlos Ghosn, just imagine what kind of company we could be."

DIVERSITY Diversity



YUKIKO YOSHIMARU
General Manager
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Diversity isn't limited to gender issues. Nationality, age, personal values and lifestyle are all areas of continuing interest to us, and addressing the issues surrounding them can produce great value for the organization. Naturally, we felt that tackling gender issues was a logical first step. Our decision was partly market-driven, too, since women make 60 percent of all car purchase decisions in Japan.

We also believe that women can contribute a great deal more to the growth of the Company. When this office started in October 2004, only 1.6 percent of all managers and 5.7 percent of the total workforce were women. By the end of NISSAN Value-Up, our target is to have 5 percent of qualified female managers. To accomplish this, we promote the career

development of women and hold workshops for all managers to instill a deeper understanding of the importance of diversity. We're also exploring the issue of balancing work and private life—an important topic in Japan to both women and men.

A diversified workforce is essential to Nissan's success because the marketplace itself is so diversified. Addressing this makes us a more innovative company, and also delivers a tool for recruiting qualified people. We know this policy is being noticed, too: the Tokyo bureau of the Ministry of Health, Labour and Welfare recently recognized our accomplishments in promoting diversity, and other Japanese companies now use Nissan as a benchmark.