

Ghosn arrest lays bare frustration at Nissan

November 29 2018, by Karyn Nishimura-Poupee And Anne Beade



Carlos Ghosn's arrest has thrown up frustrations within Nissan

With Carlos Ghosn's arrest, frustrations over the tycoon's management style have burst into the open within Nissan, with some staff also weary of playing second fiddle to Renault and its French-state backers.

Rumblings within Nissan have grown in intensity since the beginning of

the year, analysts say, as the 64-year-old Brazil-born Frenchman appeared to be moving towards a complete merger with Renault that would be unpopular in the Japanese firm.

Renault is the dominant player in the alliance, owning 43 percent of Nissan stock, but the Japanese firm now brings more turnover to the table—only intensifying a power-struggle between the firms.

One former staff member who worked for Nissan for 10 years told AFP on condition of anonymity: "Internally, we felt the tensions, even if they didn't appear on the outside."

Some Nissan staff increasingly had the impression their hard-won profits were being used to prop up their French big brother.

For example, there was some resentment when the Nissan Micra was ordered to be built in a Renault factory just outside Paris or when the Nissan Rogue crossover destined for the US market was constructed by a South-Korean Renault subsidiary.

"Bringing services together is wonderful but in practice, it is not that easy. Renault and Nissan people started saying that the integration Ghosn was leading us towards will not work," said the former employee.

Another staff member, speaking to public broadcaster NHK, was even more blunt.

"I don't feel any merit to working with Renault. In my opinion, many Nissan employees feel they don't want to work with Renault," he said.

'Massive tellings-off'

Ghosn also drew fire with some in Japan for what was perceived as a

lavish lifestyle and brash management style—both of which run counter to Japanese corporate culture.



Ghosn's accommodation in a Tokyo detention is a far cry from his jet-setting lifestyle

The staff member cited by NHK complained that Ghosn prohibited employees from receiving gifts or being wined and dined, and that the former chairman had ordered them to submit a written pledge to this effect.

Another former employee told AFP that Ghosn put "incredible" pressure on his staff.

"He humiliated people in public all the time with massive tellings-off in front of everyone. No one could say anything but resentment grew."

Ghosn is under arrest on suspicion of understating his income by around \$44 million over five years. He denies the allegations and has not been able to make any public defence as he languishes in a Tokyo detention centre.

Nissan CEO Hiroto Saikawa denounced his former mentor in an emotional press conference, saying that too much power had been concentrated in the hands of one person.

According to a Nissan insider, Saikawa has also raised concerns of governance within the three-way alliance, which was the top-selling auto group last year.

"No matter what subject we wanted to discuss with Renault, we always had to go through Ghosn," Saikawa told staff Monday, according to someone present.

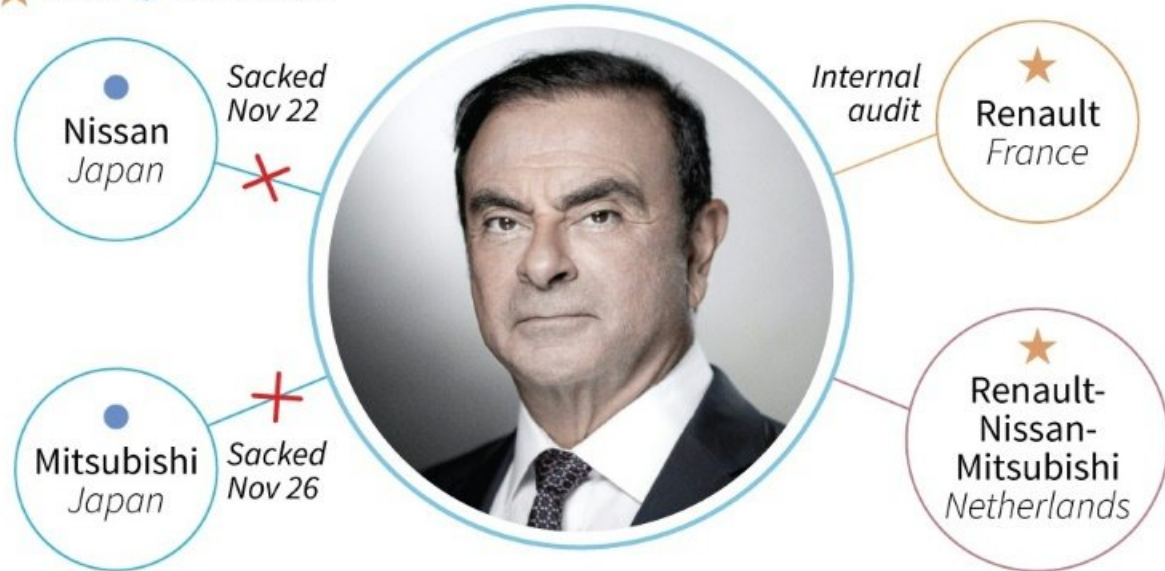
This is an "uneven" situation that must be addressed, added Saikawa.

In many ways, Saikawa's shift in attitude towards Ghosn reflects the wider growing dissatisfaction within Nissan.

Known as one of "Ghosn's children"—who owed his career to the tycoon—Saikawa began to distance himself from his mentor in 2017, feeling that Ghosn had left him alone to deal with a vehicle inspection scandal that broke that year.

Carlos Ghosn

★ CEO ● Chairman



Source: Renault

AFP Photo/Eric Piermont

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Carlos Ghosn was fired from Nissan and Mitsubishi Motors

'Anger' at Renault

Adding to tension is the involvement of the French government, which holds a 15-percent stake in Renault.

"France wants Nissan," screamed a headline in the Nikkei business daily in July.

The Japanese firm was badly shaken in 2015 when Emmanuel Macron, then economy minister, raised Paris's stake in Renault to increase voting power.

Current French Economy Minister Bruno Le Maire has stressed that there should be no changes in the make-up of the alliance, which states that Renault appoints the boss.

Koji Endo, an auto sector analyst at SBI Securities, told AFP: "Emotionally, people at Nissan seem to be angry against Renault and Ghosn and they will probably claim there has to be some change in equity relationships."

However, moving towards a more equal relationship will be "very difficult... because of the influence of the French government," added the expert.

Nissan would have to convince Renault and Paris to boost the Japanese firm's stake in the alliance, he noted.

"I understand that Nissan wants to do that, but in reality I don't think it can be done in a short period of time," he told AFP.

The official line is that the Ghosn arrest should not have an impact on the day-to-day operations either at Nissan or within the Alliance.

But another auto sector expert, Takaki Nakanishi, said the situation within the alliance was "serious."

"The confidence to work together has completely disappeared," said Nakanishi.

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