

# Whistle-blower defeats Japan Inc. for first time

AP

The Supreme Court has ruled for the first time in favor of a whistle-blower, in a case that highlights the harsh treatment outspoken Japanese employees endure in a nation that zealously values loyalty and conformity.

Despite being a good salesman with experience in the United States, Masaharu Hamada, 51, was demoted at Olympus Corp., forced to take rudimentary tests and ignored by colleagues in what he alleged was reprisal for raising the issue of supplier complaints.

He received a notice Saturday from the Supreme Court, dated Thursday, dismissing Olympus' appeal against a 2010 lower court decision and



Masaharu Hamada

sealing victory for a regular salaryman against a giant of Japan Inc.

"We need a society where honest, hard-working people don't lose out," Hamada said. "This is about justice and human rights."

Hamada's story highlights how workers labeled as misbehaving are punished in a society where major businesses such as Olympus offer

lifetime employment. Employees like Hamada become targets of cruel harassment designed to silence them or make them quit. He was nearly driven to a breakdown during his five-year battle.

Japan lags behind some Western nations in protecting whistle-blowers. A law to protect them was not enacted until 2006, and critics say it is inadequate because it does not penalize companies that punish employees who blow the whistle. To pursue legal action, such workers are unable to quit from their firm as the law only applies to employees.

Only a handful of whistle-blowers has come forward in the past few decades. When they do, they are treated as outcasts, sometimes being told to sit in closet-size offices or to mow lawns. Even their children become victims of discrimination sometimes, so abhorred is the worker who dares to question their all-mighty employer.

Hamada sued Olympus in 2008, saying he was being punished for relaying a supplier's complaint that its best employees were being lured away by the medical equipment maker. Olympus said he was merely transferred, not demoted.

He is considered a whistle-blower because he went first to his bosses and then to the company's compliance unit, trying to raise questions about the professional behavior of colleagues for the public good, and, as the Supreme Court found, was punished with retaliatory action.



On trial: The media gather outside a Tokyo hotel that hosted the 144th Olympus shareholders' meeting Thursday. AFP-JIJI

Last year, the Tokyo High Court reversed an earlier district court decision and ordered Olympus to pay Hamada ¥2.2 million in damages for the transfer. Olympus appealed the ruling.

In the past, the company has described the court rulings favoring

Hamada as "regrettable."

Olympus was targeted recently by another high-profile whistle-blower, Michael C. Woodford, its former British CEO.

Woodford was fired in October after he blew the whistle on a dubious

accounting scheme. The company later acknowledged it hid ¥117.7 billion in investment losses and three of its former executives, including an ex-chairman, were arrested earlier this year on suspicion of orchestrating the coverup.

But Woodford has become a hero. Last month, he won a ¥1.2 billion settlement from Olympus in a British court over unlawful dismissal and discrimination.

How Hamada will be treated at Olympus on Monday remains unclear. He plans to show up at work at 8:45 a.m. as usual, as he is confident he is an upstanding "Olympus man."

Hamada would like to be moved to the corporate compliance division, given the serious problems that surfaced amid the Woodford case and the knowledge he has gained about proper management through his court battle.

"I would like to work for the true revival of Olympus, where dedicated employees can work and feel joy in a nurturing environment, and be proud," he said.

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