Loyal Olympus workers feel betrayal over accounting scandal

Yoko Kubota, Reuters

Employees at Japan's Olympus Corp are feeling shock, anger and betrayal as they watch the public humiliation of a company to which many have devoted their working lives.

The 92-year-old camera and medical equipment maker, engulfed by a huge accounting scandal, is typical of the big Japanese firms that for decades offered life-long jobs in return for loyalty and hard work. That system has frayed in recent years, but its legacy is strong, especially among long-time workers.

So when Olympus finally admitted this month, after weeks of flat denials, that it had hidden investment losses for decades, the sense of betrayal among its workforce was felt personally and very deeply. It moved some to tears.

"I cried in front of my family when I watched that news conference," one male employee wrote on Facebook, using the social-networking site to vent his feelings after television news coverage of the president's revelation of the scandal.

A co-worker posted a message to console him, appealing to a sense of loyalty for customers rather than the company, saying they simply had to work hard to regain their trust.

But the co-worker was also enraged.

"I know it's deep in the night and everyone has fallen asleep. But I just want to scream out loud 'idiots!!'" he wrote.

Out of the wounded pride, a new Web site has sprung up, encouraging Olympus employees to call for a clean-up at the company they say they love.

"Our love is a matter of our DNA. It is like someone who grew up in one place caring for his old home," 70-year-old former director Koji Miyata told Reuters. Miyata started the Web site, called Olympus Grassroots. here

Miyata worked at Olympus for 42 years and his father before him toiled there for 44 years.

A director from 1995 to 2006, Miyata says he was unaware of the accounting cover-up during his time on the board and has called for Olympus to reinstate the man that brought the scandal out into the open -- CEO-turned-whistleblower Michael Woodford.

CONFUSION AND FEAR

Just over a month ago, Olympus fired Woodford, who went public with allegations the firm had not properly accounted for more than $1.3 billion in unusual merger and acquisition payments made largely to Cayman Islands-registered firms.

Barely three weeks later, Olympus admitted using some of those payments as part of a scheme to hide investment losses stretching back to the 1990s, though it has not given details, pending the outcome of an independent investigation.

Japanese police, prosecutors and regulators are all investigating the company, which has also had to fend off media and market speculation that the scandal may be linked to organised crime. Gangsters known as yakuza have a history of demanding hush money if they come to know of a firm's secrets.

Olympus has declined direct comment, saying it is awaiting the results of investigations. If such a link were proven, the firm might succumb to the ultimate humiliation as a company -- delisting from the Tokyo stock market -- and deliver a stinging slap to the face of its 40,000-plus workforce.

There is also a feeling of confusion at Olympus, prompting the firm's labor union to demand its president disclose more information and take action against those found responsible.

An employee aged in his 30s sums up that feeling.

"The case is so huge and it is difficult for us to understand. We can only watch," said the employee, who feared repercussion from the company if he was identified.

"It's undeniable that our shock is big. I never even dreamed that it would turn out this way and that I would be in such a situation," he told Reuters. He added that so far the incident appears not to have greatly affected employees' morale.

In a company that has never been known to launch large-scale job losses, some employees at Olympus are beginning to be afraid for their job and future, amid talk that the firm may have to sell its core businesses to a rival or private equity firm.

"I don't know what is going to happen tomorrow. I am certainly worried about whether we can continue to exist as an organization," he said, though he added he was reassured by the fact that Olympus's core businesses were fundamentally sound.

"Job-wise, I am trying not to worry about it. If I am too worried, I cannot do anything. So long as we have services we must provide, we will do what we can do."

Young workers are getting used to the idea that lifelong employment is slowly disappearing in modern Japan, but the importance of a steady job and a stable career is still deeply ingrained across the generations.

"It's your life," said Martin Schulz, a senior research fellow at Fujitsu Research

Institute.

"If you get into a major company, and you're lucky if you can, then you build your life within the company and what the company does affects you immediately and long term."

(Editing by Mark Bendeich and Linda Sieg)

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