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# The Nova Collapse: Foreigners Get Mixed Results From Joining Unions in Japan

**Oscar Johnson**

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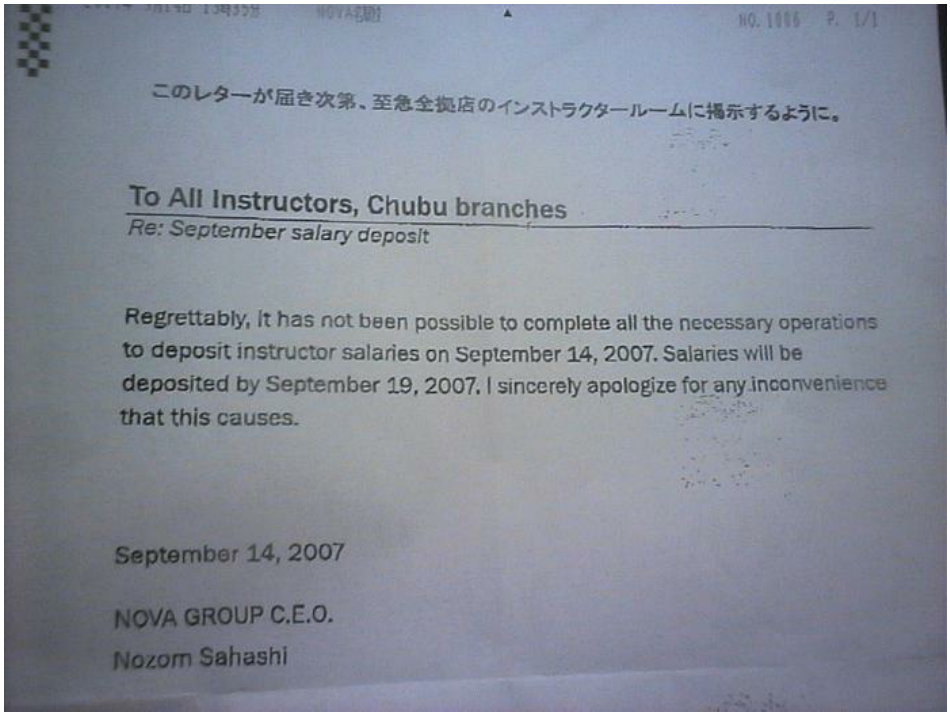
*In a country teeming with cute cartoon characters, few are cuter or better known than the Nova bunny. The pink mascot stood in the doorways of language schools across Japan, promising a short educational encounter with an exotic foreigner. But now thousands of teachers and students have found to their cost that the bunny bites. Hard.*

*The collapse of Nova Corp., Japan's biggest employer of foreigners, has left 4,000 teachers stranded without work, money and in some cases a place to live. So bad is the situation for some that Nova's union is offering a lessons-for-food program to former students, over 300,000 of whom have been cheated out of classes they've paid for. Foreign embassies in Tokyo have fielded dozens of calls from distressed ex-pats and several airline companies are offering Nova teachers discounted tickets home.*

*The unraveling of one of Japan's most popular high-street companies has riveted nightly TV viewers. The ubiquitous bunny fronted the nation's largest private language chain with 924 branches, controlling nearly half the lucrative market for English-language teaching; two generations of Japanese had their first and sometimes only encounter with a foreigner across the table of a Nova classroom.*



このレターが届き次第、至急全拠店のインストラクタールームに掲示するように。

To All Instructors, Chubu branches
*Re: September salary deposit*

Regrettably, it has not been possible to complete all the necessary operations to deposit instructor salaries on September 14, 2007. Salaries will be deposited by September 19, 2007. I sincerely apologize for any inconvenience that this causes.

September 14, 2007

NOVA GROUP C.E.O.
Nozom Sahashi

*But while the company's aggressive cost-cutting helped fuel Japan's language-learning boom, President Sahashi Nozomu was criticized for his stingy hiring policies and take-no-prisoners' marketing. Nova's slide began earlier this year when the government ordered it to temporarily close for posting misleading advertisements, and banned it from selling lucrative long-term contracts. With students abandoning and suing the firm for refunds on cancelled lessons, it filed for bankruptcy on October 26, crippled by debts of 44 billion yen.*

*Sahashi Nozomu*

*TV pictures broadcast on Oct. 30 from President Sahashi's luxury, 330-sq foot apartment rubbed salt into the wounds of the teachers, students and 3,000 sacked Japanese staff. With sweeping views of Osaka and boasting a bar, sauna, Jacuzzi and secret bed chamber, the bachelor's pad cost 2.7 million yen (about 11,239 pounds sterling) a month, paid out of Nova accounts. As some were quick to point out, the rent would have kept nearly a dozen teachers in work.*

*YouTube clip of the Sahashi apartment and office (Japanese)*

*Mr. Sahashi, having quietly sold most of his majority share in the company in September as bankruptcy loomed, has fled the company's offices. He has denied via his lawyers using Nova to support a lavish lifestyle. In the meantime, Nova is promising that it will be back in business once it sorts out its financial problems. But furious ex-pat bloggers have already posted their verdict on local websites. "I'd like to boil that bunny in a pot," wrote one.*

*Tokyo-based writer Oscar Johnson reveals here that Nova's union had spent years fruitlessly butting heads with the company for a better deal for its thousands of teachers, most of whom were on short-term contracts. But he also says that many foreign teachers felt no need to unionize and were often unwilling to make any long-term commitment to Japan; one union official describes organizing foreign workers as "like herding cats." So what now for foreign workers in the wake of the Nova debacle? David McNeill*

By Oscar Johnson

TOKYO — For many foreign workers in Japan, joining a labor union is hardly a priority. But just as Nova language school — the country's largest employer of foreigners — has taken heat for illegal dealings with customers and not paying ages, its ongoing row with unions has been gaining scrutiny. For some, the issue calls into question the very viability of unions; for others, it confirms the need.

“If workers don’t join a union, there’s only one certainty: things will not change,” says Bob Tench, vice president of the Kanto branch of the National Union of General Workers’ Nova Union. “If they do, I can’t say for certain things will change, but there’s a chance.”

National Union of General Workers, Tokyo

Tench speaks from experience. For years, his union has sparred with Nova over pension insurance, long-term contracts and other issues. “We haven’t gotten one demand,” he says. “The company has given nothing — zero.”

Indeed, there’s little incentive for companies like Nova, which did not respond to questions for this article, to publicly discuss its labor disputes. Unions, for their part, uniformly decline to reveal membership numbers, for fear of showing their hand to management. The relationship between the two is not always contentious, but in Japan the situation is hindered by a tendency to view foreign workers only as transitory, says Louis Carlet, deputy general secretary of the National Union of General Workers Tokyo Nambu (NUGW).

“The biggest issue we deal with is job security — dismissals, contract non-renewals and shaky contracts,” Carlet says. The typical one-year work agreement, he adds, can leave foreign employees in a state of limbo, fearing arbitrary non-renewals — a concept alien to most Japanese workers. Carlet admits that foreigners are often paid more than Japanese, but says there’s a tradeoff in job security and benefits, including unemployment and health insurance, that are needed by permanent residents. “One of our biggest goals is to achieve permanent employment status for foreign workers,” he says. “Right now, they’re regarded as what’s called ‘perma-temp’ (permanently temporary) workers.”

NUGW boasts about 65 workplace branches, and it has 200 more members at companies without on-site branches. Approximately 20% of its 2,600 members are foreigners, and 80% of those are teachers; another 10% work for newspapers. NUGW, whose foreign members are mostly from Western countries, is one of the Tokyo area’s few general unions with a large non-Japanese representation. Others, such as Zentoitsu Workers Union and Kanagawa City Union, have significant Central Asian, African and Brazilian members. Both unions put a priority on such issues as workplace safety and help with visas.

“If there’s a union branch, members can choose demands and submit them to management,” Carlet says. “We can help individuals, but it’s much more difficult. We can collective bargain, but management sees one person as simply causing a problem. Often we tell them to come back with one or two of their coworkers.”

On the topic of Nova, Carlet and other union officials say that as Japan’s largest English language school, it set the industry standard — for better or for worse. And these days, many agree, it’s the latter. After attempting to negotiate with the English school and even organizing strikes, NUGW Nova Union last year filed a suit with the Tokyo Labor Relations Board, and is now awaiting a verdict that Tench says could force Nova to negotiate more amicably. But that’s now the least of the company's concerns.

Nova advertisement

In April, the same month that Nova posted a net loss of 2.5 billion yen for fiscal 2006, it lost a Supreme Court decision in a lawsuit filed by a former student who was bilked out of a refund after canceling his contract for English lessons. By June, the Ministry of Economy, Trade and Industry slapped the firm with an unprecedented six-month ban on signing new long-term customer contracts after determining such practices were routine. The ministry cited other violations, including misleading advertising, according to media reports.

In response, the Health, Labor and Welfare Ministry yanked job-training subsidies for Nova language courses. And this month, as the school mulled over issuing new shares to stay afloat, the French financial group BNP Paribas unloaded its 11.85% stake in the company for 30 yen a share — 41 yen less than it paid for them, according to media reports. Recent revelations of shady business practices may be the source of Nova’s current woes, but some say they mirror labor practices its unions have been fighting for years.

NUGW Nova Union and its sister organization in Kansai were founded in 1993 following a dispute over random drug testing of Nova employees, a policy that was established after two instructors were arrested for drug possession. The Osaka Bar Association, whose decisions carry significant weight but are non-binding, ruled that the policy discriminated against foreign staff and violated their right to privacy. The association made a similar ruling against a Nova policy barring teachers from socializing with students outside of school in 2004, and the following year Nova settled out of court with one teacher after trying to enforce the policy. Yet both rules reportedly remain in place to this day.

“If a company doesn’t treat its workers fairly, then it will do the same to its customers,” says Tench. “Management at many companies resist improving working conditions, which seems to me to be an extraordinarily stupid thing for any company to do.” Despite such grievances, Tench and Dan Bain, an executive officer of the Osaka-based General Union, say they now worry about Nova’s future —especially after the chain announced last week that it may shutter 200 of its 900 schools. “Our concern is where the company is going — whether we’ll be able to keep our jobs,” he says. “One thing we’re looking at is possibly petitioning the government. That six-month suspension of new customer contracts is not just penalizing the company but also teachers; some 5,000 staff could be out of work.”

**Berlitz also under fire**

Other English language school unions, however, say they have been more successful. Catherine Campbell is president of Berlitz Union NUGW (or BEGUNTO), which is lauded by many longtime members. “Currently, we are in dispute to see some of the profits Berlitz has been making reflected in the working conditions,” she said on a recent afternoon after passing out leaflets to passersby. “We’ve seen a steady decline in work conditions. The company introduces new contracts, and what we see is the newer people making a lot less money for the same work that people under older contracts are doing.” (Michael Mullen, a Berlitz human resources manager in Tokyo, said he or others at the company would not comment on unions for this article.)

Campbell is optimistic about union efforts, citing past successes. “In 2004, the company had a bad year, so it announced that teacher salaries would be frozen. The union didn’t accept that, so we went on strike and the company agreed to pay increases.” She also notes smaller victories, such as a dispute over a closet-size teachers’ room at one school, which led to Berlitz agreeing to consider teacher input when making renovations and choosing facilities. But not everyone is so upbeat.

Mark Jennings is a Berlitz Teacher and founding member of BEGUNTO who once held a series of executive posts in the union. After being actively involved with the group for much of his two decades in Japan, he had an epiphany: “I resigned because I finally figured out that NUGW is just a scam. I think unions in Japan are not serious and are not meant to be. NUGW keeps active just enough to maintain credibility.”

Jennings says unions are just an extension of management, more interested in collecting dues than creating change. Teachers have been fired for joining NUGW, yet the group took no real action, he says, and teachers have not had a base-pay raise since 1993, which indicates the union’s passive approach to collective bargaining.

Carlet, whose job as deputy general secretary pays 250,000 yen a month — less, he adds, than many of the members he works for — says union policy and how aggressive to be with management is decided by the members themselves. As proof of successful negotiations, he points to unemployment insurance for teachers at Nova and most other English language schools, which was a right won by the union. “If you have a problem with the union,” Carlet says, “then join it and change it.” It’s similar to the challenge unions make regarding the workplace.

That’s a call that Mark Goldsmith, a copy editor for The Japan Times, heeded more than once — with mixed results. A former BEGUNTO member, Goldsmith moved on to the Daily Yomiuri in 1999, where he used his contacts to help start NUGW’s Daily Yomiuri Workers Union branch.

“After being there a few months and seeing the conditions, I asked if others were interested in starting a union, and there was considerable interest, especially among foreigners,” he says. The union was able to get late-shift payments and curtail indefinite “trial-period” contracts that excluded staff from health insurance, pension and unemployment benefits, Goldsmith and other sources say.

**Asahi Shimbun used union-busting tactics**

“It was stressful at first, but at least it wasn’t the union-busting tactics used by Asahi,” he says of his next job. As a copy editor at the International Herald Tribune/Asahi Shimbun, Goldsmith says he didn’t plan to start a union. Yet in 2002, he found himself right in the thick of another battle. “I thought Asahi, being a liberal paper, would be labor friendly. I had no idea they had Japanese writers and translators being paid as freelancers who were required to be there the same hours as regular workers.”

Although Goldsmith and others managed to form the IHT/Asahi Employees Union branch of NUGW, collective bargaining proved fruitless. The last union member at the paper resigned after three remaining co-members refused to sign contracts that would have resulted in termination after five years. The three are now appealing a lawsuit they lost against the company.

Firms such as Asahi and Yomiuri have their own unions, but if they are open to all workers, Goldsmith, Carlet and others say, they're unlikely to challenge management, much less stand up for a minority of disadvantaged coworkers. It leaves some feeling that the only option is to organize, which is not without its challenges — especially in the English conversation schools.

"We like to say unionizing English language teachers is like herding cats," Carlet says. "They're so scattered around that they never see each other." Scant Japanese-language skills also put an undue burden on unions attempting to address foreign-worker issues. "Most foreigners in Japan are illiterate — they can't read the rules and laws. I spend a lot of time translating affidavits and interpreting." Carlet even jokes that the best thing about his 15-hour-a-week kidney dialysis treatments is that it forces him to rest. "Before dialysis, I used to work morning to night."

Then there are the fence sitters. "One of the most frustrating things," says BEGUNTO's Campbell, "is people say one of the reasons they joined Berlitz is because of the union, but they haven't gotten around to joining. Some don't want to spend 2,500 yen a month on union dues, and others say, 'I don't know how long I'm going to stay.'"

Tench of the Nova Union argues that many mistake the collective benefits of union membership with self-interest when weighing whether to join. "The reason a lot of foreign workers in Japan are not interested in joining unions — especially in the English conversation industry," he says, "is they are not committed to the job and they're not committed to the country."

**Signing up**

If you are interested in joining a union or learning more about labor issues in Japan, check out the following organizations.

National Union of General Workers — Tokyo Nambu (NUGW)5-17-7 Shinbashi, Minato-ku. Tel: 03-3434-0669. Email: info@nambufwc.org.

NUGW — Nova Union Branch Can be contacted via NUGW in Tokyo.

General Union — Osaka OfficeTel: 06-6352-9619. union@generalunion.org,

General Union — Nova branch Can be contacted via General Union in Osaka.

Berlitz General Union Tokyo (BEGUNTO) Can be contacted via NUGW in Tokyo.

General Union Berlitz Branch (BEGUN) Can be contacted via General Union in Osaka.

IHT/Asahi Employees Union (NUGW branch)Can be contacted via NUGW in Tokyo.

Zentoitsu Workers Union www.zwu.or.jp (Japanese)

Kanagawa City Union (Japanese)

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