



Effects of Well-being Management —Improving business performance and Preventing fraud—

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Introduction : Greetings and Key points of presentation

Effects of Well-being Management
—Improving performance and
Preventing fraud—

Today's my presentation's topic is about well-being management of a company. Some survey results have shown that Japanese people have the lowest level of happiness in the workplace in the world and South Korea is the second lowest.

The way people perceive and feel about happiness and the state of well-being differs from person to person, but it is important to understand the minimum elements that can maintain a state of well-being in the workplace where we spend most of our life.

If management can make this an important goal, the company will be resilient to risk and adversity, and its productivity and corporate reputation will increase.

1. Definition of Well-being Management (WBM)

2. Components of WBM → Most Important element is trust through connections with people

3. Advantage of WBM → productivity, motivation etc.

+

Preventing of fraud (case study)

4. The pillars of measurement indicators of WBM and its methods

5. Strategies for creating connections based on trust in company

1 .Definition and Components of WBM

1) Definition

WBM is a management method that considers the well-being of employees first through the improvement of employees' mental, physical, and social health as an important management issue and at the same time links it to improving the company's value in an integrated manner.

2) Components of WBM

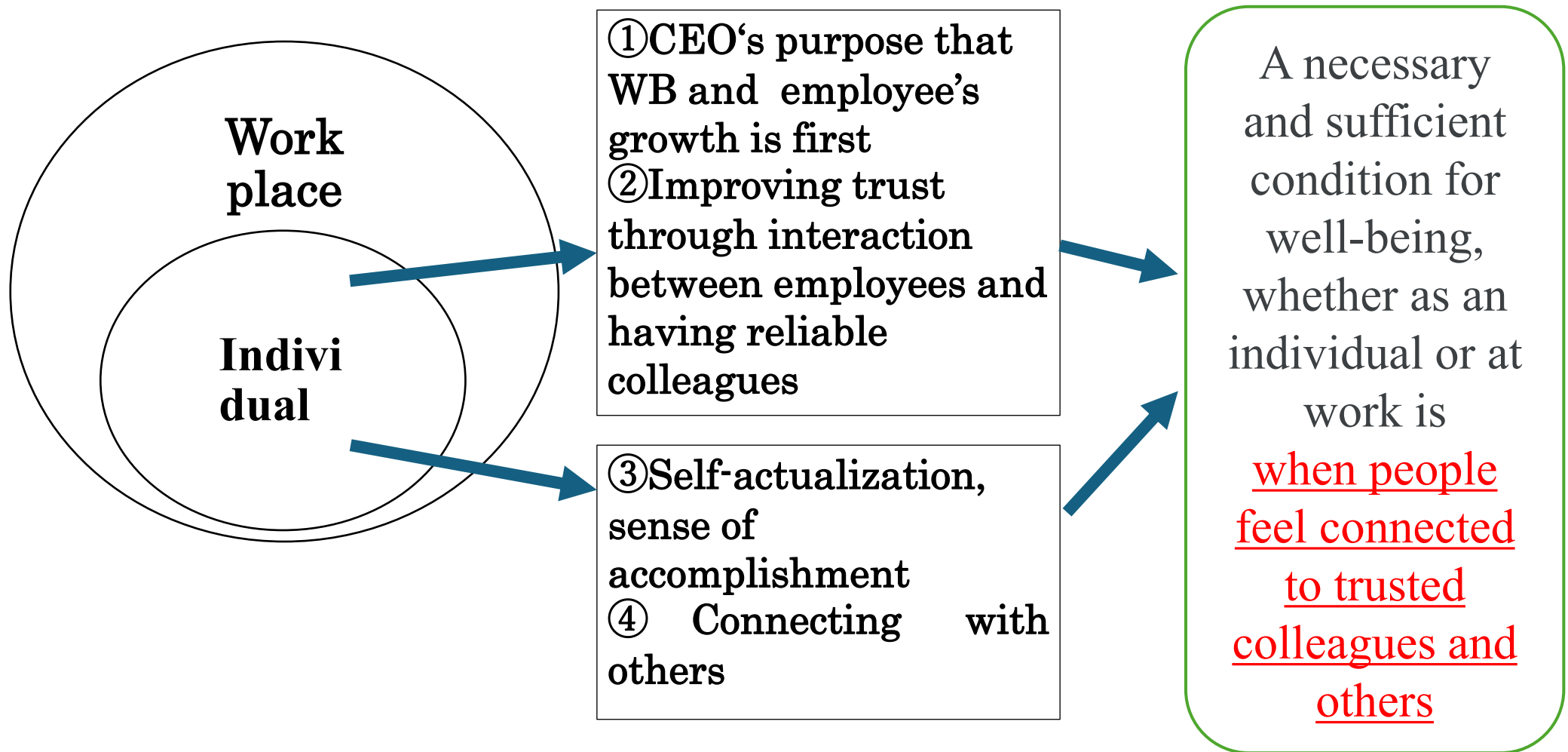
I have written several papers about the components of WBM for individuals and companies(see references below) as a result I have found that the components of WBM and their common element is as follows:

The common (essential) factor that make up well-being management is
“connections with people” and “satisfaction with personal relationships.”

This conclusion of my research results is the same as the results of 84 years of research at Harvard university by Waldinger et.al.

Kazuo Ueda(2024),”Research on Common Factors that Build Well-being for Individuals and Workplace”,*Senshu Business Review*,Vol.19,.

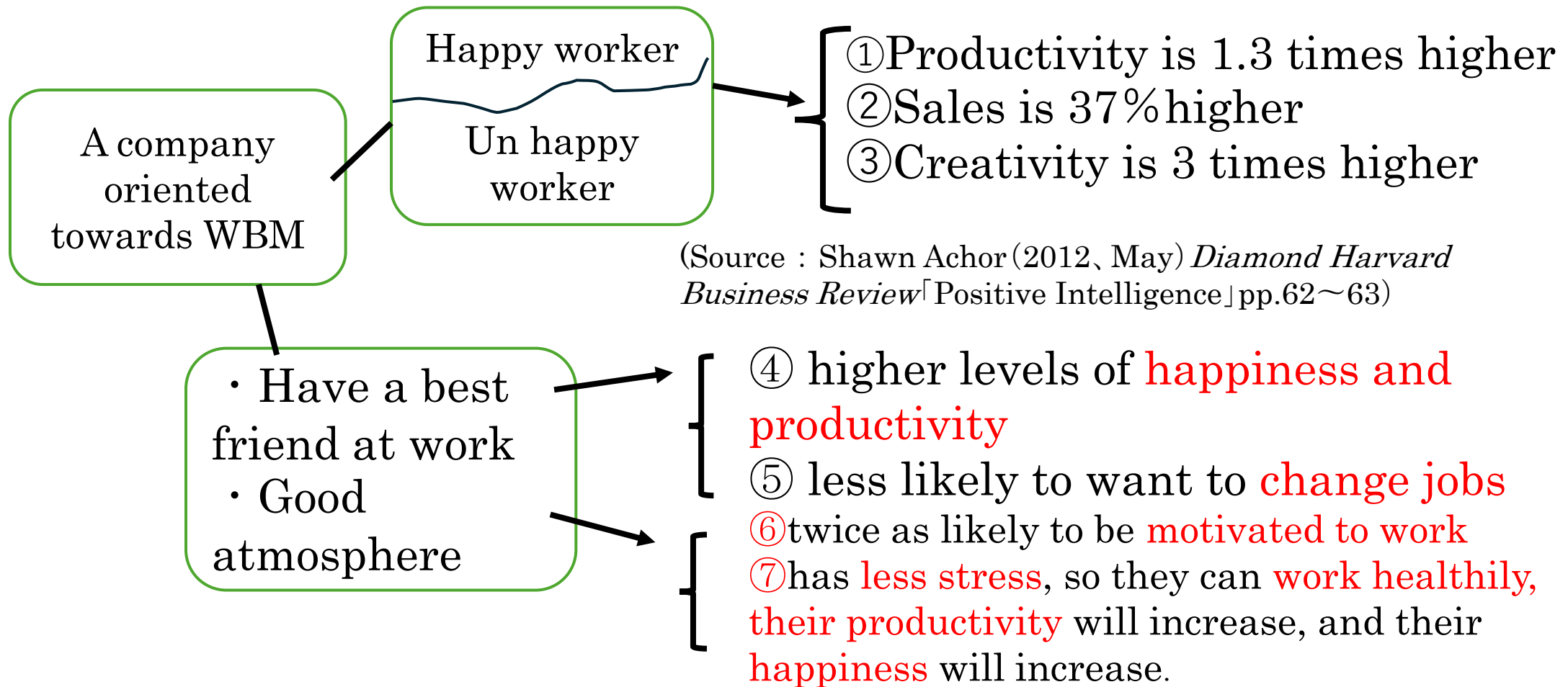
2. Common elements of personal and workplace WB



Source: Kazuo Ueda(2024), "Research on Common Factors that Build Well-being for Individuals and Workplace", *Senshu Business Review*, Vol.19.p27.

3.Strengths of WBM---①Contribution to corporate performance、 Why WBM is good for companies ?

According to my existing research findings, there is a correlation between WBM and several business performances such as productivity, creativity, sales, motivation, less stress etc.



(Source of ④～⑦ : Robert Waldinger、 Mark Schulz (2023) 、 *The Good Life* 、
Translated by Osamu Kojima)

Another Strengths of WBM---② Preventing of fraud (case study)

Why WBM is good for companies ?

As mentioned above, WBM not only correlates with economic and non-economic indicators but also has the effect of deterring(preventing) corporate fraud.

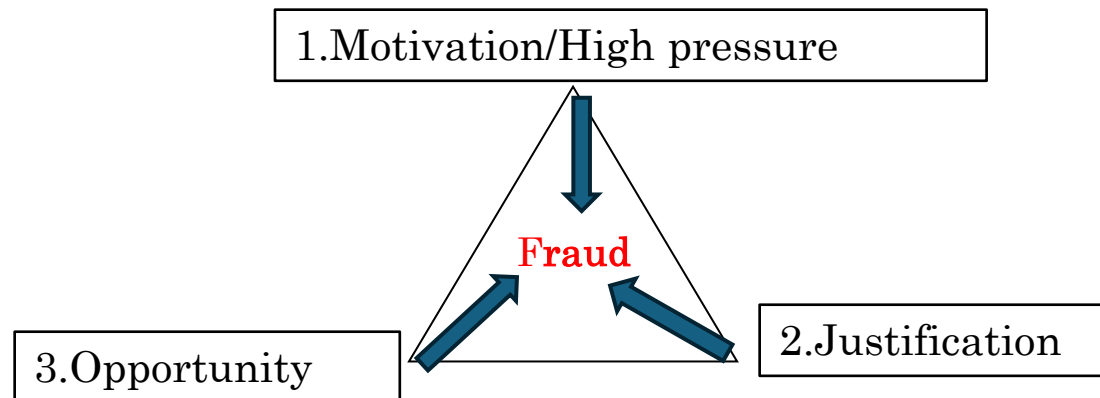
Let me explain this point with an example of Japanese case study.

Japanese car manufacturers Mitsubishi Motors and Toyota committed fraud in 2015 and 2024. By analyzing the causes of this fraud, let us explain how WBM is effective in preventing fraud.

Donald R. Cressey analyzes that fraud does not fundamentally result from weak internal controls or inadequate monitoring systems but rather occurs when the person intentionally betrays the trust of their employer. Specifically, he believes that fraud occurs when all three of the following factors are present.

- (1) motivation/pressure (Unbearable high pressure leads to fraud)
- (2) opportunity (A state or opportunity exists where it is possible to commit fraud)
- (3) justification (A convenient justification or interpretation to justify one's own wrongdoing)

He defines these "motivation/pressure," "opportunity," and "justification" as the fraud triangle.



Triangle analysis of fraud about Japanese automakers :Mitsubishi

Data was falsified to make fuel economy appear better than it was

1.Motivation/High pressure

<Motivation/ High pressure>

- Five times increases in fuel efficiency targets put pressure on the development department
- Insufficient verification by administrators
- Management does not grasp the collect schedule of the workplace
- Culture where people cannot express their opinions freely

<Justification>

- There is no time to the test, so the laboratory manager instructs employed to commit fraud
- The site could not change development schedule, so it may be simply giving up

Fraud

3.Opportunity




2.Justification

<Opportunity>



- Fuel economy experiments are usually conducted without the involvement of anyone other than the person in charge.

Key Points of the cause of fraud and communication problem behind the Mitsubishi case


<Motivation/pressure>

- ① Insufficient verification by administrators 
- ② Management does not grasp the collect schedule of the workplace 
- ③ Culture where people cannot express their opinions freely 

<Justification>

- ① There is no time to the test, so the laboratory manager instructs employed to commit fraud 
- ② The site could not change development schedule, so it may be simply giving up 

<Opportunity>

- ① Fuel economy experiments are usually conducted without the involvement of anyone other than the person in charge. 

Communication problems

<Motivation/pressure>

- ① Communication issues between managers and the workplace
- ② Communication issues between managers and front-line workers
- ③ Problems with free and open communication and culture

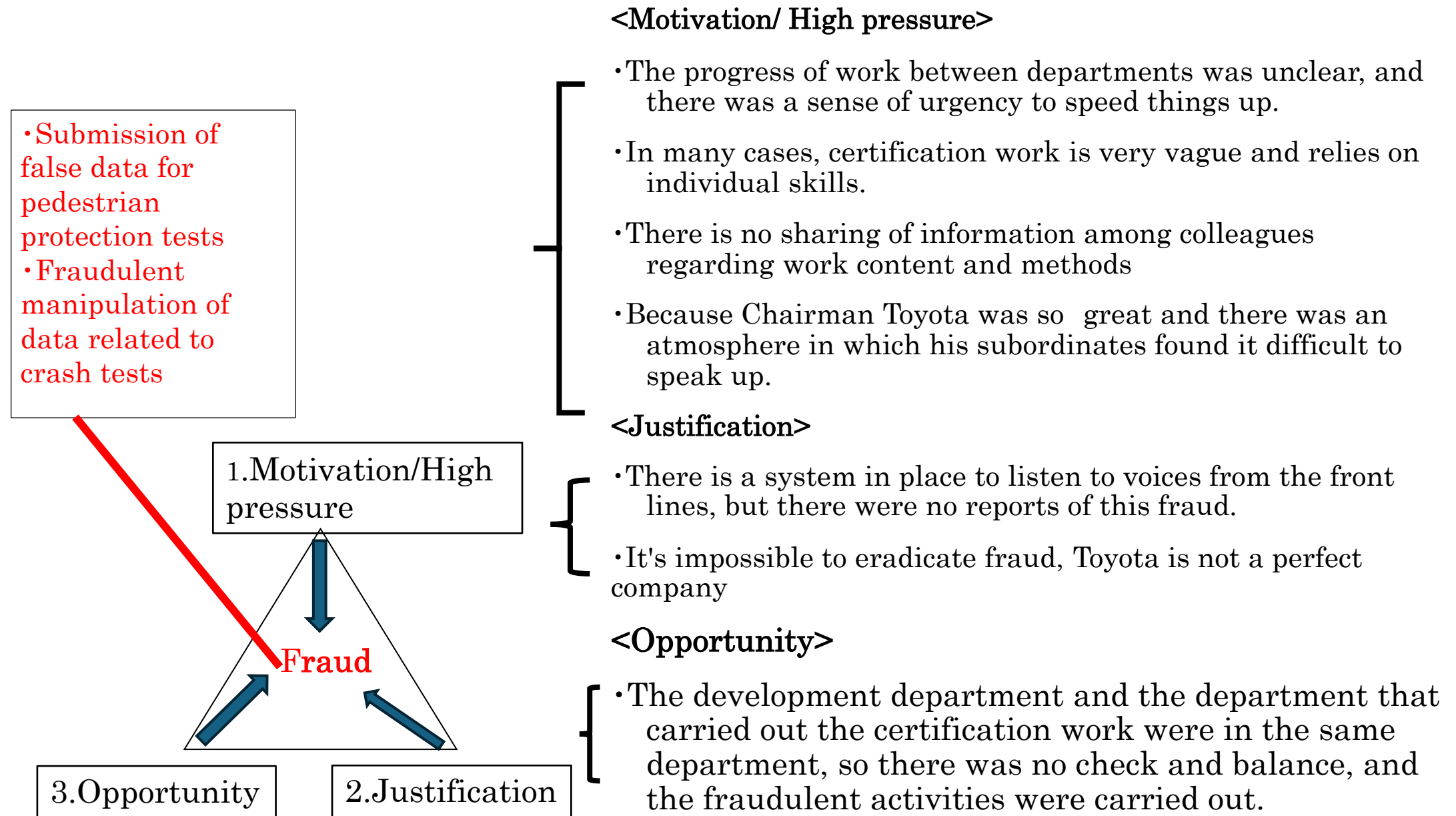
<Justification>

- ① Impatience due to pressure and instructions from superiors
- ② Lack of open communication within the organization

<Opportunity>

- ① Closed organizational structure due to fixed personnel and lack of horizontal communication

Triangle analysis of fraud about Japanese automakers :Toyota



Key Points of the cause of fraud and communication problem behind the Toyota case

<Motivation/Pressure>

①Progress of work between departments was unclear.

②In many cases, certification work is very vague and relies on individual skills

③Because Chairman of Toyota was so great and there was an atmosphere in which his subordinates found it difficult to speak up.

<Justification>

①There is a system in place to listen to voices from front lines, but there were no reports of this fraud.

②It's impossible to eradicate fraud, Toyota is not a perfect company

<Opportunity>

① The department of development and certification were in the same department, so there was no check and balance, and the fraudulent activities were carried out.

Communication problems

<Motivation/Pressure>

①Lack of communication between departments

②Dependency on specific individuals and lack of communication between related parties

③Lack of communication between departments and there are problems with the psychological safety of employees

<Justification>

①There may be a lack of sharing information about inconvenient things and no honest conversation.

②This words was made by Toyota's chairman, and there is no indication that the company's top executives are trying to minimize fraud.

<Opportunity>

①There is no check and balance between departments.

Conclusion so far

1) The most important factor common to **well-being** (core factor) are connections with people in the workplace and satisfaction with interpersonal relationships.



To **build connections** with people, it is necessary to foster trust among employees and encourage free communication in the workplace.



2) Common and important factor in the **causes of fraud** in two companies based on the triangle analysis is a lack of communication based on trust between the parties involved.



The most effective way **to prevent fraud** in the workplace is to activate communication based on trust.



common element is **communication based on trust with people.**

As can be seen from the analysis so far, we concluded that the common element of WBM is **communication based on trust with people** and the common cause of fraud is lack of **communication based on trust with people.**

In short, making employees Well-being is an effective way to **optimize risk** by increasing productivity and deterring (preventing) fraud.

The pillars of measurement indicators of WBM and its methods

—How to investigate the WB situation in a company

① A questionnaire to measure subjective well-being of worker

- Questions to measure subjective well-being, such as psychological WB and life satisfaction

Example questions : psychological happiness and life satisfaction, happiness of workers, consciousness and expectations for work, communication levels between local and head offices , existence of a corporate vision, open organization or a bureaucratic organization etc.

② Statistical data analysis: Measuring the WB of countries using some objective indicators and also some company related index as below.

- Country-level indicators: economic growth rate, employment rate, education level, and health index of the nation
- Company-level indicators: turnover rate, absenteeism rate, and workplace accident rate,

③ Using biometric information

- such as heart rate, blood pressure etc. to understand stress and relaxation states

Strategies for creating connections based on trust in company

Our findings so far have shown that the common factor of WB and preventing of fraud is "connections with people."

In other words, this shows that companies with strong connections between employees and stakeholders are more likely to improve their well-being and preventing of fraud.

We will consider "connections"-oriented human resource risk management from the perspectives of three parties: CEO, middle managers, and frontline employees.

The vertical axis of slide shows the three parties involved in management (top management, middle management, and front-line employees), and the horizontal axis shows the three stages that can be considered the "connection" management process, namely, ①current situation assessment of connections, ②measures for creating connections, and ③ sharing information and experiences about connections.

I have limited presentation time today; I will only consider measures to improve connections at the CEO level.

Strategies for creating connections based on trust in company

	Current situation assessment	Measures for creating "connections"	Sharing information and experiences about "connections"
Executive	①Spreading and supporting the philosophy of emphasizing ②Providing psychological safety for employees ③Investing in employees' activities outside of the workplace ④Open and bright atmosphere ⑤Proactive disclosure of information to employees	①Create a culture of praise ②Create a room workers can chat	①Build good relationships between superiors and subordinates by reassigning employees based on their personality traits. ②Visualizing human relationships through the movement of electronic information (Relational analytics) ③Sharing good and bad experiences through "frank talk" (assimilation)
Middle managers		①Share expectations with employees and praise their achievements ②Give employees freedom of choice and listen to their opinions ③Do employees have opportunities every day to do what they are good at? ④Create a culture of praise ⑤Obtaining feedback from surrounding employees on strengths and areas for improvement ⑥Caring for employees and supporting their growth ⑦Communicate the relationship between the company's goals and your work	
Employee		①Value your life and family ②Ask for help and support from other employees ③Interactions between colleagues, compassion, mutual help, and kindness, Comfortable workplace ④Making the best friends at work	

Strategies for creating connections based on trust in company at CEO level

	Current situation assessment of connections	Measures for creating connections	Sharing information and experiences about connections
Executives	<ul style="list-style-type: none"> ① Spreading and supporting the philosophy of emphasizing workers first ② Providing psychological safety for employees ③ Investing in employees' activities outside of the workplace ④ Open and bright atmosphere ⑤ Proactive disclosure of information to employees 	<ul style="list-style-type: none"> ① Create a culture of praise ② Create a room workers can chat 	<ul style="list-style-type: none"> ① Build good relationships between superiors and subordinates by reassigning employees based on their personality traits. ② Visualizing human relationships through the movement of electronic information (Relational analytics) ③ Sharing good and bad experiences through "frank talk" (assimilation)

Conclusion and future issues

① Common element of WBM is **communication based on trust with people** and the common cause of fraud is **lack of communication based on trust with people**. In short, making employees WB is an effective way to **optimize risk** by increasing productivity and preventing fraud.

② Future issues is that it is difficult to measure the contribution of WBM for corporate value, because it involves marketing ability of company and competitiveness in the short term.

However, the practice of WBM will undoubtedly contribute to improving employees' WB which will lead to increased corporate value in the medium and long term.

③ It is likely that in the future, the fulfillment of WB in the workplace will become a major source of competitiveness that will be sustainable in the medium and long term.

WBM by charismatic leaders exists in Japan. But in the future, I hope the day will come when WBM will become a daily practice for ordinary managers not only big companies, but also many small and medium companies.

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