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Changes in Japanese-style Management considering Gender Perspective

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Japanese-style management:
especially personnel management
as the keys to understanding
Japanese companies' success



generally known for
3 main characteristic
management practices



① **Lifetime employment**

- ➡ companies' interest in the long term
(Vogel 1979)

② **Seniority-based wages and promotions**

- ➡ Japanese “Community”
versus Western “Careers” (Womack etc. 1990)

③ **Enterprise-based unions**

- ➡ share the concern with the prosperity
between management and labor
- ➡ less conflict
between management and labor
- ➡ efficient in dealing with matters of
safety or work environment (Dore 1973)

Japanese-style management obliged to change

- When:
After the Great Recession of the 1990s
- Why: Unsuitable to economic environment
- How: **Wages and promotions system**
from seniority-based to **merit-based** system
↔ maintain the lifetime employment system
(Firkola 2006)

Research Questions

Japanese-style management change
from gender-based to gender-neutral ?



to adapt the global economy

If it is true:

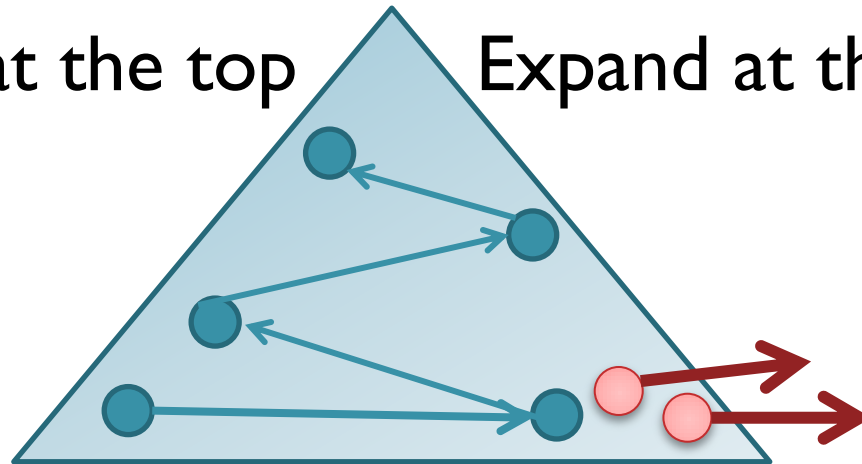
- What factors require to change ?
- What changes occur ?

Gender differentiation embedded in Japanese-style management

Seniority system needs:

Thin out at the top

Expand at the bottom



➡ using gender-based job segregation
(Kumazawa 1996)

Gender-based differentiation of job and career opportunities

career tracking system

- **career track** ➡ almost only **men**
job rotation and **chance for promotion**
- **non-career track** ➡ almost only **women**
less demanding jobs, **little chance** for promotion (Komagawa 2007)

Women:

Low ratio of managers, Low income

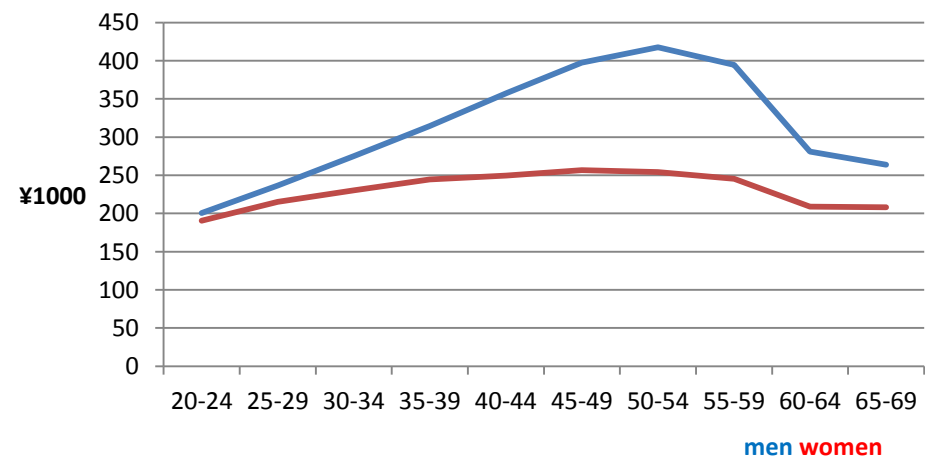
Table 1: Figures of men and women employees

	Men	Women
rate of regular employee	78.2%	43.3%
average of length service	13.5years	9.3years
ratio of managers*	91.7%	8.3%

*section manager up

Source: Labour Force Survey (2014)

Table 2: Monthly income by age-group



Gender Gap in Economic field

Table 3: Global Gender Gap Ranking (142 countries)

	Overall	Economic Participation and Opportunity	Education Attainment	Health and Survival	Political Empowerment
Iceland	1	7	1	128	1
Philippines	9	24	1	1	17
Germany	12	34	34	67	11
U.S.A.	20	4	39	62	54
Japan	104	102	93	37	129

Source: The Global Gender Gap Report 2014

Report and Policy: focus on women's abilities

IMF (2012) “Can Women Save Japan ?”

Japan should

- ① increase the number of **career track female** employees
- ② provide support for working mothers

Japanese government (2013) “JAPAN is BACK”

Economic growth strategy

➡ **Promoting active participation by women**
in the labor force and managerial sectors

Women as the key to reviving Japanese companies

This research explores the **changes** in Japanese-style management by considering a **gender perspective**



- **What factors** require to change ?
- **What changes** occur ?

Research object

Financial industry

- Megabanks
- Regional banks
- Credit unions and Cooperatives



- Representative industry for **Japanese-style management**
- Infamous for **career gap** between gender



Interview-based surveys

- Keidanren (Japan Business Federation)
- Japanese Bankers Association
- Regional Banks of Association of Japan
- The Second Association of Regional Banks
- The National Association of Shinkin Banks
- Community Bank Shinyo Kumiai

*Data: November 2013 ~ September 2014

Hypothesis: factors

2 factors:

Changing Japanese-style management to harness women's abilities

① **Efficient management**

update management to more efficient

② **Instability of men's workforce**

need to expand potential employees

Hypothesis: indexes

2 indicators:

Including **more women**
in the **competent workforce**

① **Job enlargement**

② **Proportion of women in managers**

3 categories in the financial industry

Differences: aim, area etc. by laws

Megabanks:

- branches inside and outside Japan
- wide range of business areas e.g. M&As

Regional banks:

- prefecture level
- designated banks by local government

Credit Unions and Cooperatives:

- limited geographic area
- cooperative organizations for small-and medium-sized enterprises and individuals

Figures in 3 categories

Table 4: Figures of women employees in the financial industry

	Megabanks	Regional banks**	Credit unions**	average of all industry(2014)
ratio of women employees	43.4~46.2%*	37.5%	33.5%	32.8%
average of length service	10.9~12.9years (men:16.7~18.1yrs)*	11.8years (men:17.7yrs)	NA	9.3years (men:13.5yrs)
average of age	33.3~35.3years old (men:40.3~41.6yrs old)*	NA	31.2years old (men:41.6yrs old)	40.6years old (men:42.9yrs old)
ratio of women in managers	12.1~16.2%	3.5%	1.7%	8.3%

*Figures are financial group including megabank(2014).

**Figures of Regional banks(2013) and Credit unions(2010) are average of group.

Source: Basic Survey on Wage Structure, Disclosures and internal documents.

Megabanks



- Active participation by women
“job enlargement” ➡ **YES**
main sales staff of investment trusts
“proportion of women in managers” ➡ **YES**
numerical targets e.g. 300 line managers
- Changing factors
“efficient management” ← need to promote
Diversity Management for global economy
➡ attempt to curtail long working hours

Regional Banks



- Active participation by women
NO → women in career track: 8.8%
women in managers: 3.5%
- Why changeless ?
 - less “efficient management”
 - less impacted by global economy
 - no “instability of men’s workforce”
 - strong business foundation as center in local economy → less need to change

Credit Unions and Cooperatives



- Active participation by women
NO ➡ gender-based job segregation
men: marketing staff, women: deposit clerks
women in managers: 1.7%
- Why changeless? ← financial crisis 1990s
- Changing factors (in future)
“instability of men’s workforce” ←
men employees in their 50s at over 20%

Findings

- **Megabanks** intend to promote **Diversity Management** as part of their **business globalization** process and accordingly aim to achieve **numerical targets for women managers**.
- **Credit unions and Cooperatives** fear a **labor shortage** and seek a **new business model** that focuses on **women entrepreneurs**.

Conclusions

- The factors of “efficient management” and “instability of men’s workforce” make it advisable to change Japanese-style management to a gender-neutral one.
- These pressures have increasingly motivated companies to develop women’s abilities, have efficient management in their view, and boosted awareness of women as human resources.

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