

Gender diversity imperative in the land of the rising sun

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13/07/2018

For many years, low female employment was a fact of Japanese life, and for a variety of reasons – most of them cultural – the system appeared impossible to change. But fast forward to 2018, and now the topic of gender diversity is part of the country's growth strategy, Kathy Matsui, vice-chair of Goldman Sachs Japan, co-head of macro research in Asia and chief Japan equity strategist, told participants at the first Advancing Women in Aviation Roundtable (AWAR) Leaders luncheon in Tokyo.

The inaugural event, which took place during *Airfinance Journal's* Tokyo Airfinance event, included speeches from Matsui, Tamao Sasada, co-head of Japan investment banking, Merrill Lynch Japan Securities, Izumi Kobayashi, member of the board, ANA Holdings, and Tsukiko Tsukahara, founder and president of Kaleidist KK.

AWAR is a grassroots initiative with a mission to engage with chief executive officers and other senior executives to build awareness and develop actionable strategies to promote the development and advancement of women leaders in the aviation industry.

It was founded in 2015 by Amelia Anderson, managing director and assistant treasurer, American Airlines, and Dana Barta, executive director, capital markets, Morgan Stanley.

Since its inception, AWAR has grown rapidly, with its signature roundtable leaders luncheons held annually in Dublin and Hong Kong, and numerous other panels and roundtable events in New York.

AWAR is committed to the belief that engagement with senior male colleagues is critical to driving change for women in aviation finance.

In Japan, gender diversity has become an "economic and business imperative" as opposed to "a human rights or women's rights issue", explains Matsui.

She first proposed in 1999 that higher female participation in the workforce was part of the solution to Japan's demographic crisis.

Female participation was only 57% of the labour force and, at the time, among the lowest in the developed world.

"Japan stood out from its developed country peers with its pronounced M-curve of female employment, reflecting the fact that over 60% of Japanese women quit working after giving birth to their first child and typically stayed out of the workforce until their children were grown," she says. "Despite this, however, few paid any attention to this issue, and the term diversity was not part of the Japanese vernacular."

"The prevailing view was that low female employment was simply a fact of Japanese life," adds Matsui. Today, there are more women working in Japan (as a share of working-age women) than in the United States.

In Matsui's 2014 report, *Womenomics 4.0: The Time is Now*, she argued that closing the gender employment gap could lift Japanese GDP by nearly 13 percentage points. When prime minister Shinzo Abe first highlighted "Womenomics" — getting more women into leadership roles to boost the economy — as a core pillar of the nation's growth strategy in early 2013, many were deeply sceptical that top-down political pressure would lead to any meaningful change. But in just over four years, Japanese female labour participation had risen sharply to a record high of 68%, compared with 65% in the USA.

Matsui notes Japan has seen a lot of women taking on part-time, not full-time, positions, so these women are "not on the career path to a leadership or career position".

She adds: "But it is better than nothing, in my opinion. At least we are seeing the numbers increase very meaningfully." Among the factors driving higher female employment have been increased childcare capacity and childcare benefits. In 2013, the government set a target of expanding daycare capacity to eliminate the 400,000 children on nationwide daycare waiting lists by 2019.

During fiscal year 2013/14, daycare capacity was increased by 219,000 places, or about halfway toward the goal and, according to the updated plan, the 2019 goal has been raised to 500,000. "While still insufficient, the government will likely target increased daycare services in its upcoming fiscal spending package," she adds.

While there are more Japanese women working than ever before, there is still a dearth of females in leadership positions.

To this end, a new law, the Female Employment Promotion Legislation, went into effect. It requires large private- and public-sector entities to disclose gender diversity targets, accompanied by specific action plans.

While critics argue that targets are not as effective as quotas because there is no retribution for non-compliance, Matsui regards this as a meaningful step forward because gender-related disclosures have been virtually absent, and this new legislation should improve transparency. What more should be done?

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Even with the progress seen since 2013, fierce demographic headwinds mean that the government, private sector and society must work together to take even bolder steps to accelerate female labour participation, says Matsui.

She recommends neutralising the tax and social security codes: the current system of spousal tax and social security deductions need to be amended so they stop discouraging married women from working full-time outside the home. She also urges legislation stipulating equal pay for equal work and the introduction of more flexible labour contracts.

Because of the unequal treatment of part-time versus full-time employees, the government should look to the "Dutch model" of "equal-pay-for-equal work" in order to raise the incomes and status of part-time workers. Moreover, the government should consider the American Chamber of Commerce in Japan's proposal to create a new type of "regular employee" labour contract that encourages women to return to the workforce as regular employees and retain pay and promotion opportunities.

Reform working hours and create more flexible work environments, Matsui also suggests. Japan ranks second in the OECD for the longest number of hours worked annually. Much of this is caused by traditional seniority-based evaluation systems, she says.

Employers should adopt objective- and performance-based evaluation plans and promote more flexible work arrangements (including job-sharing and telecommuting), she recommends. Also, there needs to be a push to eliminate unconscious biases. "Society needs to eliminate unconscious biases about gender diversity at work, schools and homes. Common myths about Womenomics, such as those that suggest higher female labour participation will further depress Japan's birth-rate, when empirical evidence proves the opposite is true, need to be overturned," says Matsui.

Since Japan's population is ageing and shrinking faster than any other in the G7, it has a unique opportunity to become a positive template for other nations facing similar challenges, she argues. "Japan's single-most valuable resource is its people, but with its demographic clock rapidly ticking, more aggressive steps must be taken to promote gender diversity so that everyone has the chance to maximise their full potential. Diversity is no longer an option, but an economic imperative and the benefits of greater diversity will be enjoyed by all," adds Matsui.

The discussion regarding Womenomics in Japan created a dialogue among luncheon attendees about the importance of gender diversity in aviation. Olivier Trauchessec, managing director, head of transportation group, leasing and asset finance, Americas, MUFG, said at the luncheon that "the aviation industry is far behind many industries" when it comes not only to management positions for women but also simply representation.

He adds: "I want my daughter, and her female friends from high school and college, to feel confident that they have the opportunity to have successful careers in aviation. AWAR's initiatives are key to changing people's minds and to inspire young female leaders to join the sector."

Mahoko Hara, managing executive officer, Tokyo Century Corporation, said issues unique to the market were openly discussed, provoking new ideas at the Tokyo luncheon.

"It was a refreshing experience," she says. "The keynote speech and the panel were brilliant. Already looking forward to the next event."

Jean-Pierre Stainack, senior vice-president sales and marketing, Airbus Japan, was also in attendance at the luncheon and said: "The diversity journey is, unfortunately, a long one, but events such as this one make all of us in the aerospace industry, but also in the wider business community in Japan, realise that more efforts are needed to make diversity a success." He adds: "It was a thought-provoking event with an inspiring speaker, great panellists and interesting discussions."

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