

Active is: Addressing gender diversity

Tackling gender diversity in Japan

by [Multiple Authors](#) | 08/07/2020  

Summary

Research indicates that a more even gender balance among employees can enhance corporate performance, but only one in nine directors at Japanese companies is female. Our engagement project on gender diversity aims to find out why progress has not been faster, and to encourage the wider adoption of any initiatives to help close the gap.

Key takeaways

- Research shows that greater gender diversity can raise companies' return on equity by increasing innovation and productivity
- The business case for gender diversity is not one-size-fits-all; active engagement helps companies to define their specific 'why' on gender diversity issue
- Corporate leaders in gender diversity typically understand the need for cultural transformation, and construct a pipeline of female talent that begins with graduates
- Our engagement shows that setting clear targets and key performance indicators is key to making more progress in gender equality

→ [DOWNLOAD THE FULL REPORT](#)

The number of people of working age in Japan is falling, but one way to mitigate this potential labour squeeze could be by increasing the proportion of women in the workforce. In 2019, women accounted for 44.5% of the Japanese workforce – a figure that has improved significantly in recent decades but is still lower than in most advanced economies. Yet if this gender gap were closed completely, according to a 2019 report from Goldman Sachs, Japan's GDP could increase by 10%.

However, true gender diversity doesn't just mean achieving 50:50 representation; it also means more women being employed in senior positions, and here Japan lags other developed markets. Half of adult women in Japan are graduates, and a clear majority of those are working. But in 2018, only slightly more than 11% of the directors of private corporations were women, according to government figures. This statistic is largely the result of the traditional social expectations in Japan around a woman's role in family life, which prompt many women to take part-time or temporary roles after graduation.

Gender diversity is good for businesses

In our regular engagements with the companies, we strive to put the case for gender diversity. To explore this issue further and drive positive change, we ran a programme to engage specifically with Japanese companies about their approach to gender diversity. We summarise the key findings below, while more detail is available in our full report.

The most important thing for companies to understand about gender diversity is that it's good for business. A more equal balance between men and women, in

both junior and senior positions, generally results in:

- A larger talent pool of highly educated employees
- Diverse perspectives and less “groupthink”
- Improved employee satisfaction

As a proof point, the Nadeshiko Index, a joint government and Tokyo Stock Exchange benchmark featuring companies with an outstanding record in advancing women. The Nadeshiko Index has outperformed the broad-based Topix stock index over the past 10 years.

Prioritising gender equality in our investment approach

Our Japan Equity and ESG research teams talked to 21 Japanese companies between February and October 2019 about their gender balance and efforts to move closer to gender parity. As well as discussing policies and achievements, some of the companies we spoke with were willing to talk about the challenges, lessons learned from past mistakes and how they intended to hone their approach.

Our conversations revealed four important takeaways:

1 A well-defined business case is critical

We found that many executives in Japan don't currently understand the business case for gender diversity. This makes it harder to create effective change, because in the absence of a well-defined rationale, work on improving diversity can descend into ineffective box-ticking. The companies that lead their industries in diversity have typically developed initiatives that link the advancement of women with advantages for the business. For example, a company that's anxious to diversify its primarily male customer base should strongly consider promoting more women into senior positions in product development, where they can offer different insights.

2 Companies must transform their culture from the top down

The diversity programmes that tend to be most successful in transforming corporate culture are those that are actively led by senior management.

In changing corporate culture, effective two-way communication is essential. Some companies hold regular one-to-one meetings, where women can provide candid feedback to management about the effectiveness of diversity measures. These meetings can also allow management to offer guidance and encouragement, helping female employees to advance their careers. Employees can also benefit from practical support such as flexible working arrangements.

3 A healthy pipeline of female talent is essential, starting with career-track graduates

To achieve a greater number of female directors on the board in the long term, organisations must address the gender balance at all levels of seniority, including new graduates taking career-track roles. This builds a pipeline of female candidates for senior management and director positions in the future. Companies with good gender diversity practices, who take a proactive approach to building a robust female leadership pipeline, are more likely to attract and retain talent across the board – both male and female.

4 Hard numbers are essential to track progress

Japanese corporate disclosures usually describe policies to promote gender diversity, but they tend to avoid specific targets and key performance indicators. In our dialogue, we encouraged companies to adopt clear metrics and report on them regularly. This specificity and transparency will also allow outside stakeholders such as investors to measure progress over time. To that end, it's important to avoid generic ambitions: “We aim to continue improving diversity” is too vague. Furthermore, the metrics used should be reviewed and changed as the business develops.

We're optimistic about gender diversity in Japan

While gender diversity in Japan's senior and career-track positions is still low, especially when compared with other developed markets, it's encouraging that Japanese companies were keen to engage with us on this topic because they understand how a better balance can benefit them. Active stewardship will play a critical role in accelerating progress. Direct engagement with Japanese companies on gender diversity sends a strong and clear message on the importance of this topic – from a business and investment perspective – while providing a platform to share any initiatives which have already proven effective in other Japanese firms.

Through engagement, we will continue to support companies' efforts to improve gender diversity at all levels within the company, from graduates to board directors.

About the author/s



Chris Shuyu Ye
ESG Analyst

Chris Shuyu Ye is an ESG Analyst with Allianz Global Investors. She joined the firm in 2018 and works as part of the Investment team with the focus on ESG research, engagements and proxy voting. She drives the ESG integration process and stewardship activities in Asia Pacific (including Japan). She is also AllianzGI's spoke person on ESG in Asia Pacific.

→ [VIEW DETAILS](#)



Yuki Sugi
Director, Co-Director of Research for Equity Japan

Yuki Sugi is Director, Co-Director of Research for Equity Japan with Allianz Global Investors, which she joined in 2009. As a member of Japan Equity Research team in Tokyo, she is responsible for fundamental analysis of Technology sector to assist portfolio managers by identifying opportunities to enrich portfolio construction.

→ [VIEW DETAILS](#)

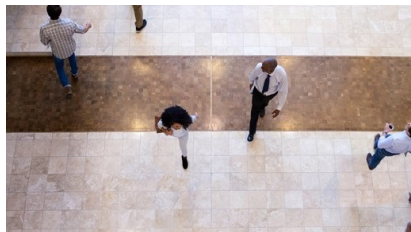
Want to view more?



Outlook & commentary

3 ideas for investors seeking diversification and growth potential

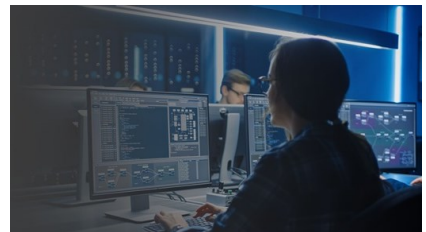
→ [DISCOVER MORE](#)



Outlook & commentary

Two ways credit can add relative value as the cycle turns

→ [DISCOVER MORE](#)



Outlook & commentary

Cyber security: handling data with care

→ [DISCOVER MORE](#)



Active is: Making complexity investable

Two ways credit can add relative value as the cycle turns



Summary

The risk/reward profile of corporate bonds is less attractive now than when the coronavirus crisis began. Since then, bonds from higher-rated firms have been buoyed by central bank support. As the credit cycle turns, we suggest prioritising both issuer and security selection to seek outperformance – potentially with fallen angels and secured bonds.

Key takeaways

- The risk/reward balance in corporate credit remains attractive, but less so than in March and April
- Multi-sector and high-yield strategies focused on relatively undervalued assets have the potential to outperform, whether the credit rally continues or turns out to be fragile
- Healthy and improving debt dynamics are critically important for issuer selection
- As we move into a new stage of the credit cycle, security selection will be key to adding relative value to credit portfolios

→ [DOWNLOAD A FULL PDF](#)

↓ [LOAD MORE](#)

Disclaimer

Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security.

The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

This material has not been reviewed by any regulatory authorities. In mainland China, it is used only as supporting material to the offshore investment products offered by commercial banks under the Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations. This communication's sole purpose is to inform and does not under any circumstance constitute promotion or publicity of Allianz Global Investors products and/or services in Colombia or to Colombian residents pursuant to part 4 of Decree 2555 of 2010. This communication does not in any way aim to directly or indirectly initiate the purchase of a product or the provision of a service offered by Allianz Global Investors. Via reception of his document, each resident in Colombia acknowledges and accepts to have contacted Allianz Global Investors via their own initiative and that the communication under no circumstances does not arise from any promotional or marketing activities carried out by Allianz Global Investors. Colombian residents accept that accessing any type of social network page of Allianz Global Investors is done under their own responsibility and initiative and are aware that they may access specific information on the products and services of Allianz Global Investors. This communication is strictly private and confidential and may not be reproduced. This communication does not constitute a public offer of securities in Colombia pursuant to the public offer regulation set forth in Decree 2555 of 2010. This communication and the information provided herein should not be considered a solicitation or an offer by Allianz Global Investors or its affiliates to provide any financial products in Brazil, Panama, Peru and Uruguay. In Australia, this material is presented by Allianz Global Investors Asia Pacific Limited ("AllianzGI AP") and is intended for the use of investment consultants and other institutional/professional investors only, and is not directed to the public or individual retail investors. AllianzGI AP is not licensed to provide financial services to retail clients in Australia. AllianzGI AP (Australian Registered Body Number 160 464 200) is exempt from the requirement to hold an Australian Foreign Financial Service License under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order (CO 03/1103) with respect to the provision of financial services to wholesale clients only. AllianzGI AP is licensed and regulated by Hong Kong Securities and Futures Commission under Hong Kong laws, which differ from Australian laws.

This document is being distributed by the following Allianz Global Investors companies: Allianz Global Investors U.S. LLC, an investment adviser registered with the U.S. Securities and Exchange Commission; Allianz Global Investors Distributors LLC, distributor registered with FINRA, is affiliated with Allianz Global Investors U.S. LLC; Allianz Global Investors GmbH, an investment company in Germany, authorised by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin); Allianz Global Investors (Schweiz) AG; Allianz Global Investors Asia Pacific Ltd, licensed by the Hong Kong Securities and Futures Commission; Allianz Global Investors Singapore Ltd, regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; Allianz Global Investors Japan Co, Ltd., registered in Japan as a Financial Instruments Business Operator (Registered No. 424) The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424, Member of Japan Investment Advisers Association and Investment Trust Association, Japan); and Allianz Global Investors Taiwan Ltd, licensed by Financial Supervisory Commission in Taiwan.

Our firm

[Why partner with us](#)

[A brief history](#)

[Inclusion & diversity](#)

[Sustainability](#)

[The SeaCleaners](#)

[Our leadership team](#)

[Our experts](#)

[Careers](#)

[Contact us](#)

Insights

[Outlook & commentary](#)

[Investment themes & strategy](#)

[Why active?](#)

[2020 Outlook](#)

[Coronavirus](#)

[Update Magazine](#)

[The Investment Intelligence](#)

[Podcast](#)

[Staying active](#)

Capabilities

[Alternatives](#)

[Equity](#)

[Fixed income](#)

[Multi asset](#)

[Advisory](#)

[China A-shares](#)

[Research](#)

[Our products](#)

Press centre