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## **EMPLOYMENT CHALLENGES IN JAPAN: AGE AND GENDER DIMENSIONS**

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### **Overview**

Japan's two-track employment system finds many individuals working in non-regular employment or for temporary agencies. Most are women and those at the beginning of their careers who have been alienated from traditional employment options. The ageing population combined with low marriage and birth rates further compounds these challenges. Mandatory retirement is also a key issue prohibiting senior workers from employment. This study reviews the most recent, relevant literature, published in both English and Japanese, in order to analyze and interpret the underlying factors behind such challenges. This research also reviews current policies for work and gender equality, considering ongoing structural employment changes in Japan. Issues for youth, seniors, and women in particular are profiled along with ways to improve their employment participation rates. Findings indicate that cultural factors emerge as a major explanation, encompassing stereotypes concerning the traditional role of women in Japanese society and the need for balancing work and family life, in addition to the rice-paper ceiling issues in Japanese companies. Discussion and areas for future research are included.

### **Changing Labor Markets**

In Japan, labor markets are challenging for all individuals who do not fit traditional male salaryman patterns of lifetime employment. With almost zero growth and inflation, Prime Minister Shinzo Abe is working to reform the labor market, including equal pay for equal work as well as raising wages for those who lack permanent jobs.<sup>1</sup> For women, the governmental

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<sup>1</sup> Henry Hoenig and Mitsuru Obe, "Why Japan's Economy is Laboring: As Abenomics Stalls Prime Minister Abe is Turning His Focus to a Major Economic Drag: Japan's Labor Market," *Wall Street Journal*, April 8, 2016.

policies include increasing female labor force participation and promoting women in leading managerial and executive positions.<sup>2</sup>

Although the traditional male salaryman pattern of lifetime employment is changing, especially in new companies, the change is slow.<sup>3</sup> Some companies protected the permanent salaried employees by increasing the number of non-regular workers they could later dismiss during economic downturns. This second track of employees earns less for the same work, are not represented by unions, and receive little training or opportunities for career advancement.<sup>4</sup> While some changes are underway to include more diversification of employment, challenges remain.

Those most alienated from the workplace and promotions include women, young people (termed “Freeters” and “Neets”), and older workers who are forced to retire. Freeters are typically in their 20’s and often live with their parents and move from one part-time, low-paying job to another and pay nothing or little to the Japanese pension system. Some work part-time until they find a suitable career job, while some have no other employment choices. Typically, housewives and students are excluded from these underemployed workers. Not in Education, Employment or Training (NEETs) are typically supported by their parents and relatives, may not desire lifetime employment patterns, and may have been classified as “Freeters” when they were working. Researchers note the decline in youth employment in Japan reflects the overall drop in demand for workers that stemmed from past adverse economic conditions in the country.<sup>5</sup>

Older workers, typically over age 65, are often overlooked as resources. There is a call for Japan to raise the age of eligibility for social security benefits or eliminate the mandatory retirement age to provide more employment options for seniors who would like to work.<sup>6</sup> Yuko Kinoshita

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<sup>2</sup> Jiyeoun Song, “Economic Empowerment of Women as the Third Arrow of Abenomics,” *Journal of International and Area Studies* 22/1 (2015), 116.

<sup>3</sup> Leo Lewis, “Curse of the Salaryman,” *The Financial Times*, May 2, 2016.

<sup>4</sup> Hoenig and Obe, “Why Japan’s Economy is Laboring.”

<sup>5</sup> Robert L. Clark, Naohiro Ogawa, Makoto Kondo, and Rikiya Matsukura, “Population Decline, Labor Force Stability, and the Future of the Japanese Economy,” *European Journal of Population* 26 (2010): 207–227.

<sup>6</sup> *Ibid.*, 207–209.

and Kalpana Kochhar<sup>7</sup> note that life expectancy in Japan is age 84, the highest in the world. As the working age population continues to decline, employing women, young people, and senior workers may be key for the success of the economy. For example, Japanese companies are hiring some seniors and these firms have revised their hiring policies to include flexible scheduling and workplace adaptations for older workers.<sup>8</sup>

### **Traditional Career Paths**

Lifetime employment is the employment pattern that begins when a new college graduate starts at a company on the first of April, obtains education and training from the company, and reaches retirement age within the same company.<sup>9</sup> This practice assumes a high level of individual employee commitment to the employer and a reciprocal exchange of commitment of the employer organization to the employee. For Japanese companies, long-term employment is more common than for their international counterparts, although the pervasiveness of lifetime employment is often exaggerated.<sup>10</sup>

The reality is that lifetime employment arrangements have never extended to all workers. Such practices have been primarily operational within larger companies and are becoming less common. The protracted economic slump in Japan prompted companies to shed the time-honored practices of lifetime employment and seniority-based wages.<sup>11</sup> Furthermore, within most organizations where lifetime employment practices are applied, the existence of “implied” security is often limited to the “core” or “regular”

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<sup>7</sup> Yuko Kinoshita and Kalpana Kochhar, “She is the Answer,” *Finance and Development*, March 2016, 17.

<sup>8</sup> “Japan Hiring More Older Workers,” MRINetwork, April 24, 2015 (accessed July 24, 2017, <http://mrinetwork.com/resources/article-archive/articles/japan-hiring-more-older-workers/>).

<sup>9</sup> James G. Abegglen, *The Japanese Factory: Aspects of Its Social Organization* (Boston: The Massachusetts Institute of Technology, 1958).

<sup>10</sup> Shiho Futagami, Tomoki Waragai and Thomas Westphal, “*Shukko* in Japanese Companies and Its Economic and Managerial Effects,” *WZB Wissenschaftszentrum Berlin für Sozialforschung* (1998): 1–22.

<sup>11</sup> Kaho Shimizu, “End of Two-Track System No Help to Women,” *The Japan Times*, October 23, 2003.

workforce.<sup>12</sup> The security of the “core” workforce is protected by a buffer of many insecure “non-regular” or “part-time” workers. Non-regular forms of employment, which include temporary employment and jobs offering limited career prospects, are rapidly expanding. Non-regular employment increased from 16.6 percent in 1986 to 37.3 percent in 2017. More importantly, women are disproportionately represented in non-regular employment. These non-regular workers have lower wages, little job security, and limited training opportunities than their regular counterparts, who are typically male. In addition, the non-regular jobs are concentrated in service sectors as well as small to medium-sized businesses.

### **Two-Track Employment**

After the Equal Employment Opportunity Law was enacted in Japan in 1986, many larger Japanese companies introduced two-track employment systems with a fast career path for management and a slow career path for more routine or clerical work. Although the tracks are ostensibly open to both sexes, men have dominated the management career track while women are usually found in the subordinate clerical career path.<sup>13</sup>

The two-track system is a key reason for the wage differential between men and women in Japan and companies have introduced the system to reduce labor costs by effectively keeping wages lower for non-career-track employees.<sup>14</sup> Yet, only 43.3 percent of women are in regular employment, compared with 78.2 percent of regular male employees. Female workers in subordinate career paths lack decent work and wages, vocational training or promotion opportunities; what’s more, the gender segregation and discrimination for female workers starts at the initial hiring. In her survey of wage patterns of Japanese companies that introduced the two-track system, Futagami<sup>15</sup> found that workers at age 25 had little pay differences between the two tracks, but the salary gap widened over time. By age 45, the salaries

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<sup>12</sup> Daniel G. Gallagher and Shiho Futagami, “Commitment to Agency, Client, and Work,” Reading, Academy of Management Meeting, San Diego, August 1998, 1–23.

<sup>13</sup> Shiho Futagami, “Wage Differential between Men and Women” in K. Futagami, ed., *Japanese Compensation, Retirement Money and Pension in the 21st Century* (Tokyo: Chuokeizai-sha, Inc., 2004): 153–167.

<sup>14</sup> *Ibid.*, 154–155.

<sup>15</sup> *Ibid.*

of those on the managerial track were more than twice that of workers on the subordinate, clerical track.<sup>16</sup>

### **Non-Regular Work**

Today, many Japanese companies use non-permanent employees including temporary agency workers, contract workers, or part-time workers instead of the permanent clerical track workers to further reduce human resource expenses. The majority of these non-permanent workers are female as well. Thus, the focal point in Japan is shifting from the gap between two tracks (permanent managerial men and permanent clerical women) to the gap between permanent and non-permanent workers and thus increasing gender segregation.

Out of 64.34 million people working in Japan, 54.02 million were employed as regular workers and non-regular workers, while 6.54 million were not employed, including the self-employed and workers in family business, according to the Labour Force Survey by the Statistics Bureau of the Japanese Ministry of Internal Affairs and Communications. While the rate of regular workers has decreased from 83.4 percent in 1986 to 62.7 percent in 2017, the latest data available, the rate of non-regular workers has increased from 16.6 percent in 1986 to 37.3 in 2017, with a large number of women in this category. Factors influencing the move towards non-regular employment in Japan are mainly those of “global competition, the advancement of technological innovation, changes in the structure of industry, restructuring of firms, and worker, as well as firms, need for flexibility, and so on.”<sup>17</sup>

Along with changes in the structure of industry, the structure of employment is also undergoing changes. The proportion of tertiary industries, centered on the service industry, is rising, taking the place of secondary industries associated with manufacturing. Tertiary industries accounted for 72.4 percent of the Japanese workforce in 2014 as noted by the Statistics Bureau of the Japanese Ministry of Internal Affairs and Communications.

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<sup>16</sup> Ibid.

<sup>17</sup> Shiho Futagami, *Mobility of Human Resources and the New Relationship between an Individual and an Organization* (Tokyo: Taiga Publishing Co, 2002), 99; Shiho Futagami, “Non-Standard Employment in Japan: Gender Dimensions,” *International Institute for Labour Studies*, Discussion Paper 200 (2010), 1.

According to the Labour Force Survey by the Statistics Bureau of the Japanese Ministry of Internal Affairs and Communications, females represent 68.3 percent of non-regular workers and 88.5 percent of part-time workers, while non-regular workers lack job security, vocational training, and livable wages. Meanwhile, the Basic Survey on Human Resource Development by the Ministry of Health, Labour and Welfare in 2016 reports that 37 percent of Japanese companies execute off-site job training and 30.3 percent implement planned on-the-job-training for non-regular workers. Conversely, for regular workers, 74 percent incorporate off-site job training and 59.6 percent implement planned on-the-job-training. Vocational education and training are important to provide workers with opportunities to develop their skills and abilities. Without training benefits, non-standard workers are limited in job mobility.

Non-regular workers are more satisfied with labor conditions (working hours and holidays) than regular workers, while they are less satisfied with job security, wages, fringe benefits, education, and training in addition to human resource development, which are important for job satisfaction.<sup>18</sup> These results point to challenges for non-regular workers in obtaining decent, rewarding work. In fact, the wage differential between regular workers and non-regular workers is significant. As stated in the Basic Survey on Wage Structure in Japan in 2016, the average wage level for non-regular workers is ¥211,800 (\$1,885) per month, 65.8 percent of the wage of regular workers.<sup>19</sup> When workers are 18–19 years old, there is little difference in pay, but the gap widens with age. For workers 50–54 years old, the pay gap is largest at 52.3 percent. The average wage for male non-regular workers is ¥235,400 or 67.4 percent of the wages of male regular workers. The average for female non-regular workers is ¥188,600, which is 72 percent of female regular workers.

Because the majority of the non-regular worker are female, Japan's employment challenge is a gender issue. Similar to other industrialized countries, women in Japan often have part-time and temporary agency jobs, while men hold more of the well-paid, secure jobs: "For women, the outcome of the labor market segmentation is reflected in lower income, limited access

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<sup>18</sup> Ibid.

<sup>19</sup> "Basic Survey on Wage Structure: Ordinary Workers Data," Ministry of Health, Labour, and Welfare, Japan (accessed on July 30, 2017, <http://www.mhlw.go.jp/english/database/db-1/ordinary.html>).

to qualified jobs and fewer opportunities for vocational training or career development.”<sup>20</sup>

### **Temporary Agency Workers**

In Japan, the number of temporary agency workers is increasing and estimated to be over 2.63 million; similarly, according to the Ministry of Health, Labour and Welfare, the number of registered temporary agency workers has dramatically increased to 1,799,187.<sup>21</sup> The majority of registered temporary agency workers in Japan are female. Generally, employees are hired by a temporary agency and they work under the direction of a client company. Within this triangular relationship, a temporary agency not only holds the responsibility for the assignment of work to the temporary agency worker, but also controls the extrinsic terms of employment (e.g., wages and benefits), while the client company has a direct influence on the day-to-day work environment and supervision of the worker.<sup>22</sup>

Reasons for this growth vary. On the supply side, reasons for becoming a temporary agency worker, based on a survey of female workers<sup>23</sup> are 1) opportunities to be hired in many workplaces, 2) working without feeling the bonds of human relations in one organization, 3) utilizing their professional skills and abilities, 4) flexibility, 5) balancing work and family life, 6) learning and acquiring new skills, 7) earning additional household income, and 8) using temporary agency work as a means to transition toward permanent employment.

On the demand side, reasons for Japanese companies to hire temporary agency workers are 1) to utilize workers' professional skills, 2) to reduce human resources expenses, 3) to obtain human resources with needed skills and talents, 4) to respond to work variations, and 5) to adjust to cyclical changes in the demand for the organization's goods or services. An additional

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<sup>20</sup> Linda Wirth, *Breaking Through the Glass Ceiling: Women in Management* (Geneva: International Labour Office, 2001), 6.

<sup>21</sup> “Report on Worker Dispatching Undertakings,” Ministry of Health, Labour and Welfare, Japan (accessed July 24, 2017 <http://www.mhlw.go.jp/english/index.html> in 2014).

<sup>22</sup> Gallagher and Futagami, “Commitment to Agency, Client, and Work,” 3.

<sup>23</sup> Shiho Futagami, “Organizational Commitment and Work-Related Attitudes of Temporary Agency Workers,” in Kyoichi Futagami, ed., *Strategic Human Resource Development* (Tokyo: Chuokeizai-sha, Inc., 1998): 131–160.

reason why temporary agency work has grown rapidly is deregulation. Since 1999, the utilization of temporary agency work has been applied to almost all occupations.<sup>24</sup> Even though they typically have high educational levels, skills, and knowledge, most temporary agency workers are women.

Recently, many Japanese companies increased their utilization of female temporary agency workers as alternatives for the clerical female career paths to reduce human resource expenses. The focal point of the wage gap has just shifted from the gap between two tracks to the gap between regular workers and temporary agency workers. High-skilled female temporary agency workers also feel excluded from the core. Since Japanese companies have traditionally implemented vocational education and in-house training for regular, male workers, the female non-regular workers have little chance to develop their skills or abilities. These gender barriers, then, limit women's options to earn a livable wage.

### **Women's Unique Employment Challenges**

The number of females employed in Japan, which accounted for 35.9 percent of all employed persons in 1985, has gradually increased to 44.3 percent in 2017, according to the Labour Force Survey by the Statistics Bureau of the Japanese Ministry of Internal Affairs and Communications. In addition, women's educational levels are increasing and the female advancement rate to higher education (including university and junior college) increased from 34.5 percent in 1985 to 57.3 percent in 2017, according to a School Basic Survey 2017 by the Ministry of Education, Culture, Sports, Science and Technology of Japan. Yet, the situation for the growing number of female employees is distinctly different from their male counterparts in the Japanese workforce.

Japan's Meiji Constitution viewed people as subjects of the Emperor rather than as citizens of a nation. The Civil Code governing all aspects of society remained in effect until after WWII and emphasized, "a wealthy country and a strong army" supported by "good wives and wise mothers."<sup>25</sup> Women were defined solely by their relation to men and were not allowed to participate in politics. From the mid-1970s to the 1990s, according to Mackie,<sup>26</sup> feminist groups worked to reform the legal system,

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<sup>24</sup> Futagami, "Non-Standard Employment in Japan," 11.

<sup>25</sup> Vera Mackie, *Feminism in Modern Japan: Citizenship, Embodiment and Sexuality* (Cambridge: Cambridge University Press, 2003), 32.

<sup>26</sup> *Ibid.*, 196.

employment practices, and welfare systems. Women's access to education helped to change their views, even though many agree Japan's greatest untapped human resource is highly motivated women wanting to utilize their intellect and creative power and to be recognized for it. Still, the "gender segmentation in the labor market is still deeply affected by the traditional role for women in Japan" and has been slow to change.<sup>27</sup> Even the rise in women's entrepreneurship in Japan faces regulative hurdles as well as start-up difficulties. However, research notes that entrepreneurship could be an important way for women to excel in business and avoid traditional labor challenges.<sup>28</sup>

The deeply rooted social attitude or gender division of labor that men should work to support the family while women should remain at home continues to exist. Mackie<sup>29</sup> notes Japanese women have had tenacity, perseverance, and a dogged reluctance to simply exist within the constricting framework of the prevalent "ryōsai kenbo" (the "good wife and wise mother") ideology espoused by educators, media, politicians, and the greater Japanese society. These low societal expectations continue to keep Japanese women in traditional roles regardless of their abilities, education, or desires. Further expounding the issue, Lincoln<sup>30</sup> notes that care of the elderly is not covered by the national health insurance system and women traditionally assume the care of the elderly, since men are in the workplace and have almost no free time for care-giving. Lack of immigration to Japan means there are no immigrant nurses or care givers available to help. Lincoln<sup>31</sup> also

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<sup>27</sup> Futagami and Helms, "Emerging Female Entrepreneurship in Japan: A case study of Digimom Workers," *Thunderbird International Business Review* 51/1 (2009): 73–75; Futagami, "Non-Standard Employment in Japan," 8.

<sup>28</sup> Charla Griffy-Brown, "Supporting the Emergence of Women's Entrepreneurship: Regulative, Institutional and Technological Changes in Japan" *International Journal of Gender and Entrepreneurship* 3/1 (2011): 75–78; T. Schweitzer, "Are Women More Entrepreneurial than Men? A New Study Highlights the Similarities and Differences between Male and Female Entrepreneurs," *Inc. Magazine* (2007): 20–23.

<sup>29</sup> Mackie, *Feminism in Modern Japan*, 28.

<sup>30</sup> Edward J. Lincoln, "Japan's Long-Term Economic Challenges," *Comparative Economic Studies* 53/3 (2011), 461.

<sup>31</sup> *Ibid.*

points out that while Japanese men are allotted vacation time, few employees take time off, and the average is only seven days of paid vacation per year.<sup>32</sup>

Another tradition of Japanese companies is reserving shorter-term work, again mostly clerical tasks combined with serving tea, for women, who are known as “office ladies.” These female employees remain at this level regardless of their qualifications: it is difficult to break into a career track and overcome the long-standing, entrenched gender role biases. Moreover, it is evident that “women are largely excluded from corporate management due to cultural pressures forcing them to quit work once they marry [or have children].”<sup>33</sup>

The Abe government has called for expansion of childcare facilities and more benefits to help female workers navigate work-life balance issues for the future.<sup>34</sup> Given these societal norms and expectations of women and work, the female labor force ratio in Japan develops in the shape of the letter “M.” The “M curve” shape exists because Japanese women withdraw from the labor market to marry and raise children and this tradition remains. Using the skills of well-educated women is an important goal of Japan’s Prime Minister as a way to revitalize the labor force and his plans call for policies including “expanded parental leave benefits.”<sup>35</sup>

### **Managerial Mobility and Board Representation Limited by the Rice-Paper Ceiling**

While the ratio of female managers in Japan is gradually increasing, the ratio remained at 11 percent in 2016, compared with 43 percent in the U.S. in 2016, according to the Global Gender Gap Report<sup>36</sup> of 2016. With Japan’s aging population and declining workforce, the country must turn to women to close the gaps. Lincoln<sup>37</sup> notes the Japanese population has been

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<sup>32</sup> Scott R. Dixon, “Survey Shows Japanese Workers Least Likely to Take Vacation Time, Most Likely to Hate their Job,” SoraNews 24, December 13, 2013 (accessed July 30, 2017, <http://en.rocketnews24.com/2013/12/13/survey-shows-japanese-workers-least-likely-to-take-vacation-time-most-likely-to-hate-their-job/>).

<sup>33</sup> Futagami, “Non-Standard Employment in Japan,” 8.

<sup>34</sup> Song, “Economic Empowerment of Women,” 119.

<sup>35</sup> Kinoshita and Kochhar, “She is the Answer,” *Finance and Development*, March 2016, 17.

<sup>36</sup> World Economic Forum, *The Global Gender Gap Report 2016*, 29.

<sup>37</sup> Lincoln, “Japan’s Long-Term Economic Challenges,” 456.

falling since 2007 and has been reduced by 25 percent in just over 40 years at an unprecedented rate. Projections are that Japan's population of working age will decline by 40 percent by the year 2050.<sup>38</sup>

Prime Minister Shinzo Abe acknowledged this issue and had made it part of his economic-growth policy referred to as "Abenomics." The Prime Minister established a goal that women would fill 30 percent of all leadership positions in Japan before the calendar year 2020. This is a lofty goal as only one in 10 managers in Japan are women, compared to 43 percent in the U.S. Diversity and more opportunities for women are needed and Abe has increased female representation in his cabinet from 10 percent to 26 percent, although some have questioned the effectiveness of numerical targets. The problem stems from long working hours and demands on female managers to give up employment to have children.<sup>39</sup> Because of the declining birthrate, there is also a "shrinking pool of young people" in Japan.<sup>40</sup> A ranking by the consulting group Grant Thornton found Japan at the bottom of 34 major nations, and with women holding merely 8 percent of leadership roles in Japan compared to the U.S. at 21 percent and Germany at 14 percent.<sup>41</sup>

There are also barriers to women in Japanese management since the male-dominated society does not recognize women as equal in the ability to manage others. According to the Ministry of Health, Labour and Welfare, the average salary level for women in Japan in 2016 was 73 percent that of men. This is very low, compared with 81.1 percent in the U.S. in 2015, 82.3 percent in Britain in 2015 and 84.5 percent in France in 2014, according to Eurostat 2016. Although some women work in the management track, there are few opportunities for them. In Japanese companies, women account for less than 0.8 percent of CEOs with shares listed on the stock market and represented only 5.74 percent of top executives in 2007, according to research done by

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<sup>38</sup> Randall S. Jones and Satoshi Urasawa, "Labour Market Reforms in Japan to Improve Growth and Equity," *OECD Economics Department Working Papers* 889, September 2011 (accessed April 25, 2017, <http://dx.doi.org/10.1787/5kg58z6p1v9q-en>).

<sup>39</sup> Toko Sekiguchi, "Japan Seeks New Salarywomen," *Wall Street Journal*, September 12, 2014, A9.

<sup>40</sup> Lincoln, "Japan's Long-Term Economic Challenges," 457.

<sup>41</sup> Eleanor Warnock, "Japan Inc. Hires More Women, But Men Still Hold Top Jobs," *Wall Street Journal*, November 10, 2015.

the Teikoku Databank.<sup>42</sup> The rate of female board directors is very low in Japan, at 3.3 percent according to the Tokyo Shoko Research done in 2017. According to the Global Gender Gap Report 2016, the Gender Gap Index of Japan ranks 111<sup>th</sup> out of 144 countries total and 118<sup>th</sup> in economic participation and opportunity to women, based on the World Economic Forum.<sup>43</sup> Gender segregation remains a prominent issue in Japan.

Ultimately, these issues are important for women and the evidence is clear: women at the top bring along other women. The more women who occupy the CEO office, the more there are available to serve in other executive offices. Women who hold executive positions are more likely to be asked to serve on boards of other companies. Studies comparing women and men on their decision making suggest that genders respond to risk differently; and, in most cases, women are found to be more averse to risk than men.<sup>44</sup> Differences in financial risk-taking are influenced not only by gender but also by age, race, and the number of children a woman has.<sup>45</sup> This widespread view concerning women's risk aversion in financial decision-making has even been put forward as a major cause of "glass ceilings."<sup>46</sup> Business leadership and management literature has also depicted women as more ethical than men.<sup>47</sup> There is widespread agreement in this literature that women are more adept than men in leadership skills and communication, as they also tend to use a more holistic approach to problem solving. In an anthropological study, Fisher<sup>48</sup> points to biological differences in the way

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<sup>42</sup> Paul Wiseman, "Female CEOs Signal Change at Japan Firms: Country Slowly, Grudgingly Accepts Women's New Roles," *USA Today*, June 8, 2005, 5B.

<sup>43</sup> World Economic Forum, *The Global Gender Gap Report 2016*, 12.

<sup>44</sup> Catherine C. Eckel and Philip J. Grossman, "Men, Women and Risk Aversion: Experimental Evidence," *Handbook of Experimental Economics Results* 1/113, (2008): 1061–1073.

<sup>45</sup> Nancy Ammon Jianakoplos and Alexandra Bernasek, "Why Are Women More Risk Averse?" *Economic Inquiry* 36/4 (1998): 620–630.

<sup>46</sup> Renate Schubert, Martin Brown, Matthias Gysler and Hans Wolfgang Brachinger, "Financial Decision-Making: Are Women Really More Risk-Averse?" *The American Economic Review* 89/2 (1999): 381–385.

<sup>47</sup> James J. Hoffman, "Are Women Really More Ethical than Men? Maybe It Depends on the Situation," *Journal of Managerial Issues* (1998): 60–73.

<sup>48</sup> Helen Fisher, "A Century for Women?" *New Scientist* (2003): 53.

men and women think, collect data, and input it into patterns to develop options, evidencing that women are more effective in leadership skills. For example, when women think, they collect more pieces of data; they put data into more complex patterns, see more alternatives, and weigh more variables to make decisions. Women think in webs of factors and not in linear patterns as men do, or in what Fisher calls “web thinking.” Thus, women tend to synthesize, generalize and contextualize. Men, on the other hand, tend to make decisions in a linear pathway and to compartmentalize, get rid of data they regard as extraneous, and to focus only on what they think is important.

Fisher<sup>49</sup> further reports these differences in decision-making styles manifest themselves within market changes. Women’s web thinking favors long-term planning and the ambiguity of a complex business world. Clearly, the communication skills of women, their team building capacity, and their abilities in handling complex, conflicting information are decision-making skills that benefit the deliberations of higher administration, such as a board of directors. When women “constitute more than half of the population and the consumer base,” as Bratten<sup>50</sup> points out, it would seem logical and practical to “incorporate a woman’s viewpoint when considering the corporate strategy.”

Chambers<sup>51</sup> agrees that sexism remains fierce in Japan, citing the country’s “rice-paper ceiling” within the Japan’s salary-man-dominated corporate culture. For women rising to Japanese boards, the bamboo ceiling is said to stop their progress, which unlike the “glass ceiling,”<sup>52</sup> it bends but never breaks to allow entry. Wiseman<sup>53</sup> asserts that women who are shut out of opportunities with traditional Japanese companies often seek jobs with

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<sup>49</sup> Ibid.

<sup>50</sup> Clare Bratten, “Boys Club No More,” *Corporate Board Member* (1998): 1–5.

<sup>51</sup> Veronica Chambers, *Kickboxing Geishas: How Modern Japanese Women Are Changing Their Nation* (New York: Simon & Schuster Press, 2007), 119.

<sup>52</sup> The situation for working women in Japan is an opaque, “rice-paper ceiling” rather than the “glass ceiling” often referred to in the United States. See: Futagami, “Non-Standard Employment in Japan,” 9–10; Futagami, “Working Women in Japan: Future Trends and Possibilities,” Reading, WIN Conference, Tokyo April 2014; Futagami and Helms, “Entrepreneurs: Challenging perceptions,” *Japan Inc.* (2009): 13–15.

<sup>53</sup> Wiseman, “Female CEOs Signal Change at Japan Firms,” 5B.

foreign firms based in Japan. He further notes that women have to fight harder than their male peers to be accepted in their positions.

Women in Japan appear to believe more strongly than their male counterparts in the importance of equal distribution and power.<sup>54</sup> Tipton suggests that inequality and gender discrimination remain pervasive in Japanese society due to the assumptions about the sexual division of labor.<sup>55</sup> Differentiation by gender, especially in the power-distance dimension, is more pronounced in Japan than in the United States. From their perspective, these women cannot even see top management.

### **Reversing the Trends**

While women rank low in economic participation and opportunity in Japan, the same Global Gender Gap Report indicates the country ranks high in health and survival and in educational attainment.<sup>56</sup> Lincoln indicates that, “with the rising levels of education [in Japan] over the past century, more women desire to work.”<sup>57</sup> Data confirms there is also great demand from senior workers for employment. What can leaders do to reverse the negative trends? The focus should be diversity, work-life balance, and decent work. Diversity includes gender, race, culture, ethnicity, abilities, and work experience. It is concerned with understanding that there are differences among employees and that these differences, if properly managed, contribute to the achievement of organizational objectives and can lead to greater performance.<sup>58</sup> In companies where the ratio of female managers is high, companies have a significantly higher return-on-assets.<sup>59</sup> Thus, diversity is a good human resource practice for high performance. Senior workers who

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<sup>54</sup> Yvonne E. Stedham and Jeanne H. Yamamura, “Measuring National Culture: Does Gender Matter?” *Women in Management Review* 19/5 (2004): 233–243.

<sup>55</sup> Elise K. Tipton, “Being Women in Japan, 1970–2000,” in L. Edwards and M. Roces, eds., *Women in Asia: Tradition, Modernity, and Globalization* (Ann Arbor: The University of Michigan Press, 2000): 208–228.

<sup>56</sup> Futagami, “Working Women in Japan.”

<sup>57</sup> Lincoln, “Japan’s Long-Term Economic Challenges,” 461.

<sup>58</sup> Futagami, “Working Women in Japan.”

<sup>59</sup> Bazeet Olayemi Badru, Hauwa Daniyan Bagudu, and Abdulmumini Baba Alfa, “The Vital Role of Gender Diversity on Corporate Outcomes: The Need for Empirical Studies Concerning Frontier Markets,” *Asian Journal of Finance & Accounting* 7/2 (2015), 189.

represent age diversity also can bring a wealth of knowledge to businesses and industries at a time when their productivity and participation is needed.

Work-life balance is an indicator correlated with high corporate performance. In fact, the Total Factor Productivity of Japanese companies introducing childcare leave is significantly higher than those not including the benefit.<sup>60</sup> It appears that work-life balance is a good human resource management policy. Hence, the “Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” came into effect in 1995. According to this law, workers are entitled to a one-year leave of absence from their company for childcare and the majority of individuals who have applied for leave are female. Female workers returning to the workplace after a year of childcare leave find it difficult due to the lack of support systems for balancing work and family, including job retraining and day care centers at the workplace.

Even though Japanese women may want to work, to balance their family duties, they are obliged to be non-regular employees, working part-time or as temporary agency workers: “Part-time work for women is often triggered by motherhood, while for men it occurs more often in conjunction with the labor market entry or exit.”<sup>61</sup> Equal pay, opportunities for training, and benefits are needed for part-time workers to encourage more women, young people, and seniors to participate in the labor market.

The primary goal of the International Labour Organization is “to promote opportunities for women and men to obtain productive work, in conditions of freedom, equality, security and human dignity.”<sup>62</sup> According to Dharam Ghau, the four key components of this decent work are workplace rights, employment, social security and social dialogue<sup>63</sup> that all individuals should share. Establishing that “[e]mployment is a vital component of decent work,”<sup>64</sup> he refers not only to wage jobs but also to self-employment and

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<sup>60</sup> Futagami, “Working Women in Japan.”

<sup>61</sup> Wirth, *Breaking Through the Glass Ceiling*, 6.

<sup>62</sup> Quoted in Dharam Ghai, “Decent Work: Concept and Indicators,” *International Labour Review* 142/2 (2003), 113.

<sup>63</sup> Dharam Ghai, “Decent Work: Concepts, Models and Indicators,” *International Institute for Labour Studies*, Discussion Paper 139 (2002), 1; Futagami, “Non-Standard Employment in Japan,” 6.

<sup>64</sup> Dharam Ghai, “Decent Work: Universality and Diversity,” *International Institute for Labour Studies*, Discussion Paper 159 (2005), 6.

telecommuting. This must also include full-time, part-time and casual employment, and jobs done by women, men and young people.<sup>65</sup> For decent work to be obtained, certain conditions must be satisfied. Additionally, there should be “adequate employment opportunities for all those who seek work”<sup>66</sup> in order to yield a remuneration or livable wage that meets the essential needs of the worker and family members.

### **Conclusions and Areas for Future Research**

One possible solution to employment challenges in Japan is encouraging employers to prepare and facilitate the transition of career paths from temporary agency work into permanent work and to establish clear job paths for women and seniors. Employers can continue to benefit from these employees and their knowledge of the organization while creating more flexible schedules and adding needed assistance programs. Researchers note that knowledge management provides important frameworks to manage the intellectual capital of employees as a valuable organizational and strategic resource.<sup>67</sup> This is a key improvement needed to provide female temporary agency workers with career opportunities and options. Another way to solve these situations, at the same time, is the equal treatment between temporary agency workers and permanent workers, especially in terms of vocational training. It is vital for Japanese companies and the government, as well as communities, to collaborate to educate and train not only regular workers but also non-regular workers as professionals to improve their skills and abilities, because many highly educated and skilled individuals are forced into non-regular employment.

Future research should follow women’s and senior’s career progress in longitudinal studies to show changes. In addition, case studies of women who have successfully moved up the corporate structure to assume careers in top management or positions on boards are needed to serve as a guide and model to others aspiring to top-level careers in Japan. Reviews of policies

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<sup>65</sup> Dharam Ghai, ed., *Decent Work: Objectives and Strategies* (Geneva: International Labour Office, 2006), 10.

<sup>66</sup> Ibid.

<sup>67</sup> Wen Jang Kenny Jih, Marilyn M. Helms and Donna T. Mayo, “Knowledge Management and Electronic Commerce Supporting Strategic Decisions: The Case of Taiwan,” in M. G. Hunter and F. B. Tan, eds., *Strategic Use of Information Technology for Global Organizations* (New York: IGI Publishing, 2007), 326.

and changes in Japan are also needed to determine which governmental interventions are helping reverse the situation for women, particularly in part-time and non-regular employment positions.

Additional research should follow the result of removing financial disincentives to work as well as the creation of family-friendly work places and childcare resources over time. Further studying of the performance and productivity of Japanese companies who have retained part-time workers and their knowledge management is desirable. Studies should also follow young and senior workers and their move to continuous employment in order to document the benefits these non-traditional employees bring to the overall workplace.<sup>68</sup>

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