Comments on Mr. Desvaux’s presentation

Kazuo Yamaguchi
University of Chicago, RIETI
7/4/12
BBL seminar
McKinsey Reports on “Women Matter”

- Women Matter: Gender diversity, a corporate performance driver. 2007.
- Women Matter 2: Female leadership, a competitive edge for the future. 2008.
- Women Matter 3: Women leaders, a competitive edge in and after the crisis. 2009.
- (Women Matter 2012) Making the breakthrough.
- Mr. Desbaux is the first author of the first four reports.
Some important findings from the Reports

• 1. Increases in the number of female graduates have a small impact on diversity in leadership
   ➔What matters is the promotion system in firms.

• 2. Firms with in gender diversity in the executive bodies perform better than other firms.

• 3. Work environment and carrier plans matter more than family considerations for women’s success.

• 4. Women excel men in three of the four most important areas (inspiration, participative decision making, expectation and rewards) that promote organizational performance, and do not differ from men in the fourth area (intellectual stimulation). (Women Matter 2).

• 5. Some measures, such as the top’s commitment and women’s individualized development programs, are more effective than others in promoting women’s leadership. (Women Matter 2010)
Implications for Japan 1: Barriers to Women

• Asian countries’ variability in women’s leadership (Slide 2) may not be just in quantity, but in institution.

• Japan has not only the lowest female executive ratio (less than 1%) but also the lowest female ratio in administrative/managerial position.

• The most significant Asian barrier to women not found in Europe (“the lack of pro-family public support policies”) (in Slide 4) does not apply to Japan.

• Japan has its own unique barriers.

• (1) the tracking system (the distinction between sogo shoku and ippan shoku) that generates great gender wage gap, but nonetheless, is not yet legally prohibited as a form of indirect discrimination against women.

• (2) the over-representation of women among non-permanent employees (hiseiki koyosha) who mostly have dead-end careers.
Implications for Japan 2: Women’s leadership behavior

• Different logics behind favoring one group over the other
• (1) traditional gendered logic
• (2) reverse gendered logic
• (3) diversity-oriented gendered logic emphasizing complementarity (McKinsey report, Judy Rosener “Ways women lead (Harvard Business Review, 1990)”)
• (4) attribute-based logic based on the expansion of global and ethnic commodity markets (early arguments on the economic benefit of diversity; Samsung’ special-area hiring of foreign employees)
• (5) Gender-neutral opportunity-cost-based logic
• (6) Gender-neutral diversity-oriented logic
• Depending on the stage of women’s representation in economic activity, rationality may favor different logics.
Implication for Japan 3: What is most effective to “make it happen”? 

• The most effective method may be a function of how much proportion of leaders is already women. Ray Reagans (professor, MIT Sloan School of Management) distinguishes three stages of minority representation. 

• Legitimacy stage (less than 10%) (top’s commitment, role models, skill building specifically for women, work-life balance) 

• Rivalry stage (10%~33%) (non-mechanical diversity management, work-life balance, the neutralization of the impact of childcare/family leaves and flexible work arrangement, individualized career development) 

• Gender-neutral meritocracy stage (more than 1/3) (transparent performance evaluation)