

# DIVERSITY MANAGEMENT IN SOME JAPANESE COMPANIES – A NEW WAY TO STRENGTHEN JAPANESE ENTERPRISES' COMPETITIVENESS<sup>1</sup>

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**Abstract:** The article analyses the situation of enhancing diversity in human resources in some Japanese enterprises implementing diversity management. In 2012, Japan's Ministry of Economy, Trade, and Industry officially launched Diversity Management Selection 100-Collection of Best Practices. In particular, Diversity Management is a strategy for enterprises to utilize their human resources required for building competitive advantages in a market environment or a technology structure. This research finds that the concept of diversity in human resources of Japanese enterprises is quite diverse but mainly revolves around four main aspects: gender (female labor), age (senior labor), disability (people with disabilities), nationality (foreign labor). Secondly, in terms of diversification of employees, the Japanese enterprises focus on following priority order: female workers, disabled workers, elderly workers, and foreign workers. This is reflected in the number of programs promoting each type of worker as well as the number of businesses committed to creating favorable conditions for workers in Japan. Thirdly, increasing diversity in human resources not only changes corporate culture but also enhances corporate image domestically and globally. Therefore, diversity management is a new way to strengthen Japanese enterprises' competitiveness.

**Keywords:** diversity management, human resources, Japanese, inclusion.

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## INTRODUCTION

In 2012, the Japan's Ministry of Economy, Trade, and Industry (MET) introduced the "Diversity Management Selection 100 project". However, the process of implementing diversity management in many Japanese enterprises started earlier. Factors motivating Japanese enterprises to implement diversity management may include the risk of shortage of human resources from demographic change, rising challenges from globalization, changing business environment, diversity management awards

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from METI and other organizations, and corporate awareness of the importance of diversity management.

First, Japan is a country with the highest aging rate in the world. Out of the ten countries having oldest populations in the world in 2012, Japan is the only country outside Europe. The average life expectancy of Japanese people in 2012 was 86, which is the highest in the world. In 2010, the number of people over 65 years old accounted for more than 22% of the total population of 127 million, and in 2011 it increased to 23.3% of the population. It is predicted that the rate will reach 31.6% in 2030 and 38.8% in 2050<sup>4</sup>. Besides, Japan's fertility rate has always maintained a downward trend from 1973 to 2005. The birth rate decreased from 2.14 (1973) to 1.81 (1984) and hit a record low of 1.26 in 2005<sup>5</sup>. If the birth rate continues this trend, the population of Japan in 2064 will be only 87 million people, equal to two-thirds of the country's total population in 2014<sup>6</sup>. Therefore, the economic scale will be smaller, and easily affected by foreign economy and the world financial market. In addition, this demographic change causes a shortage of domestic human resources, which in turn negatively affects the development of Japanese enterprises.

The globalization of the world economy consists of two main features: the expanding of emerging markets and multinational companies trading with domestic firms<sup>7</sup>. Hence, homogenous human resources in the 1970s and 1980s can become a big obstacle. To quickly adapt to economic globalization, Japanese companies need to first develop and expand their markets through consolidating sales bases. Also, Japanese businesses need to accelerate the overseas development by cross-border cooperation, M&A, etc. To increase cooperation opportunities and enhance competitive advantage against foreign enterprises, Japan needs to boost the internationalization of domestic companies. Accordingly, even at home, Japanese enterprises need to improve their competitiveness by better serving their global partners and customers. Human resources need to be able to communicate and negotiate in foreign languages; need to be equipped with borderless management skills; need to have experience working in overseas markets and high skills in creativity and innovation. For the above reasons, it is more urgent than ever to strengthen the global capacity of Japanese human resources and promote diverse personnel to operate effectively at home and abroad. Thus, since 2009, METI has introduced indexes to evaluate Japanese companies based on the level of internationalization of human resources.

In 2012, METI launched Diversity Management Selection 100 Project. According to METI, diversity management can be briefly defined as “a strategy of leveraging the diversity of human resources. Diversity here means experience and career as well as gender, age, nationality, and physical handicap”<sup>8</sup>. This project aims to support diversity management efforts by collecting best practices and making them widely available to the public. According to METI, the benefits of diversity management include improving corporate image (Products and services developed in the presence of diversity management may be more popular in the market and lead to improving customer satisfaction); product innovation (With diverse human resources bringing their experience and knowledge in different fields together to generate new ideas, helping to create innovative products or services like never before ); process innovation (Through pursuing a working environment where individuals from different backgrounds can realize their potential, efficiency and creativity can be improved); effect within the

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<sup>4</sup> Takehiko Kambayashi, “In Japan, better with age”, *The Christian Science Monitor*, 2 September 2012, <http://www.csmonitor.com/World/Asia-Pacific/2012/0902/In-Japan-better-with-age>.

<sup>5</sup> The World Bank, “Fertility rate, total (births per woman)-Japan”, available at: [https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=JP&most\\_recent\\_year\\_desc=false](https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=JP&most_recent_year_desc=false), accessed on 27 November 2021.

<sup>6</sup> Japan Data, “Fighting Population Decline, Japan Aims to Stay at 100 Million”, Nippon.com, 26 August 2014, <https://www.nippon.com/cn/features/h00057/>

<sup>7</sup> Japan Ministry of Economy, Trade and Industry, “About the Indices to gauge Japanese companies on their level of internationalizing human resources (Internationalization Indices)”, April 2009, 2.

<sup>8</sup> Japan Ministry of Economy, Trade and Industry, “Looking at companies through the Empowerment of women”, 2013, <https://www.jpx.co.jp/files/tse/english/news/31/b7gje6000001ir0g-att/report.pdf>, 1.

workplace (By improving the work environment so that everyone can reach their full potential, employees become more motivated)<sup>9</sup>. In addition to METI's awards honoring diversity in human resources, there are other awards from other organizations, including "Nadeshiko Brand"<sup>10</sup> and J-Win Diversity Awards<sup>11</sup>, etc.

As for Japanese enterprises, since the 2000s, in the annual reports of many large enterprises such as Hitachi, Toshiba, Sharp, etc. the words "daiba-shiti" (ダイバーシティ), "diversity", "diversity management", "diversity & inclusion", etc. frequently appear. Business leaders and entrepreneurs are increasingly focusing on enhancing diversity in human resources as well as implementing diversity management in enterprises. Training programs aimed at raising awareness of the need to implement diversity management in the enterprise are regularly organized. In general, diversity management enhances the competitiveness of Japanese enterprises<sup>12</sup>. A key feature of diversity management is the increasing use of diverse human resources. Therefore, this study will elucidate the enhancement of diversity in human capital in some Japanese enterprises implementing diversity management. The study also makes some assessments on the above-mentioned issue regarding the competitiveness of several Japanese enterprises.

Figure 1. Some notable awards<sup>13</sup>



## METHODOLOGY

The study was conducted using qualitative research approach, a popular research method in social sciences, which is exploratory and descriptive in nature. The qualitative research method helps answer following questions: why Japanese enterprises implement diversity management, what does diversity management mean, and the status of enhancing diversity in human resources in some Japanese enterprises. Moreover, a quantitative research approach is also used in this study to measure the percentage of female employees, the proportion of elderly workers, etc. in some Japanese enterprises.

<sup>9</sup> Japan Ministry of Economy, Trade and Industry, "Why dose "diversity" make companies stronger?", METI Journal, 2014, 2.

<sup>10</sup> Japan Ministry of Economy, Trade and Industry, "Announcement of Nadeshiko Brand as Examples of Enterprises that Encourage Women's Success", March 2015, [https://www.meti.go.jp/english/press/2015/0318\\_02.html](https://www.meti.go.jp/english/press/2015/0318_02.html)

<sup>11</sup> Nissan Official Global Newsroom, "Nissan is Awarded First Prize in the 2013 J-Win Diversity Awards", 14 March 2013, <https://global.nissannews.com/en/releases/130315-02-e?source=nng&lang=en-US>

<sup>12</sup> Japan Ministry of Economy, Trade and Industry, "Diversity Management Selection 100 and Nadeshiko Brand", METI Journal, Special Report June/July 2013, 1.

<sup>13</sup> Japan Ministry of Economy, Trade and Industry, "METI to Hold the FY2013 Symposium for the Commendation Ceremony of Diversity Management Selection 100 and the Announcement of the Nadeshiko Brand", 3 March 2014, [https://www.meti.go.jp/english/press/2014/0207\\_01.html](https://www.meti.go.jp/english/press/2014/0207_01.html)

*Data Collection*

Research data was collected from both reports and statistics published by Japanese government agencies and other organizations. In particular, the data was mainly collected from websites and reports of 5 Japanese enterprises: Toshiba, Hitachi, Sharp, Daikin, and Kao. They are not the best companies in diversity management in Japan, but these companies have implemented diversity management and achieved some achievements in diversifying their human resources. Besides, to understand the existing knowledge relevant to the study, some secondary information was collected from different sources, including books, journals, websites, etc., and verified with primary data.

**PROMOTING DIVERSITY AMONG EMPLOYEES**

*Approach to diversity management in some Japanese enterprises*

When referring to diversity management activities, Japanese enterprises use many different terms. Depending on the enterprise, the concept of diversity management, as well as diversity in human resources, is understood differently.

**Table 1. Diversity management definition in some Japanese companies<sup>14</sup>**

Firm	Terms used	Diversity management concepts
1. Toshiba	Promotion of Diversity and Inclusion	<p>“Diversity” as it pertains to human resources refers to <i>the differences between people as individuals, from race, nationality, age, gender and sexual orientation or gender identity to religion, beliefs, culture, disability, career and lifestyle.</i></p> <p>“Inclusion” means to recognize the abilities and skills of individuals with different and varied values and ways of thinking and provide the opportunity for each &amp; every person to take on an active role in the organization.</p> <p>By respecting, accepting, and making use of individual differences, Toshiba Group will promote diversity and inclusion (D&amp;I) that will lead to sound and sustainable growth by generating new values and ideas and enabling company, organization, and employees with differing backgrounds to feel empowered at work.</p> <p>We also aim to create a work environment and foster a culture in which all employees feel that their personal attributes are respected, and their existence is valued<sup>15</sup>.</p>

<sup>14</sup> Based on websites and annual company reports

<sup>15</sup>Toshiba, “Promotion of Diversity and Inclusion”, <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

2. Hitachi	<p>1. Promoting Diversity and Inclusion</p> <p>2. Diversity Management</p>	<p>Diversity is the wellspring of our innovation and our growth engine. Hitachi regards <b>personal differences such as gender, nationality, race, religion, background, age, disability, and sexual orientation, as well as other differences as facets of people's individuality</b>. By respecting our employees' individualities and positioning them as an advantage, Hitachi frames its diversity and inclusion as conducive to both the individual's and the company's sustainable growth. With a diverse workforce, strong teamwork, and broad experience in the global market we will meet our customers' needs<sup>16</sup>.</p> <p>Diversity management will lead to the production of organization dynamics. We regard <b>gender, race, nationality, religion, career background, age, personality, values, sexuality (LGBT), career background, values, and all other external and internal differences as part of a person's individuality</b><sup>17</sup>.</p>
3. Sharp	Diversity Management	Diversity management is a human resources strategy for utilizing a diverse range of employees ( <b>non-japanese, women, physically or mentally challenged, the elderly</b> ), but we regard it as a business strategy at the same time <sup>18</sup> .
4. Daikin	Workplace Diversity (Policy)	We strive for diverse management in which we make the most of the talents of all people, regardless of <b>their nationalities, ages, genders, sexual orientation, gender identity, or disability</b> . This goes for both periodically hired employees and career hires <sup>19</sup> .
5. Kao	Inclusive & diverse workplaces	We will improve the work environment where employees can work regardless of personal attributes ( <b>such as nationality, gender, sexual orientation, gender identity, age and disability</b> ), and promote support for balancing work with childcare, nursing care, or family care with the aim of improving the comfort of all employees and maximizing the results of our operations <sup>20</sup> .

Generally, the views on the diversity of human resources in Japanese enterprises are diverse. However, in general, diversity in human resources is understood as the visible difference: gender, age, nationality, disability. Therefore, diversity management in some Japanese enterprises is a human resource management strategy that includes women, people with disabilities, the elderly, and foreigners. In addition, diversity management is not only a strategy to maximize the capacity of diverse human resources but also to create a fair and friendly working environment to achieve business goals.

#### *Increasing recruitment of diverse human resources*

##### *Promoting recruitment and use of women*

In 2019, the total population of Japan was 126.17 million with 64.91 million women or 51.44% of the population<sup>21</sup>. However, women only make up 44.4% of the total workforce in Japan. The labor force

<sup>16</sup> Hitachi, "Promoting Diversity and Inclusion", <https://www.hitachi.com/sustainability/labor/diversity/index.html>

<sup>17</sup> Hitachi High-Tech Global, "Diversity management", [https://www.hitachi-hightech.com/global/about/csr/social/labor\\_practices/diversity\\_management/](https://www.hitachi-hightech.com/global/about/csr/social/labor_practices/diversity_management/)

<sup>18</sup> Sharp, "Diversity Management", <http://global.sharp/corporate/eco/social/diversity/>

<sup>19</sup> Daikin, "Workplace diversity", <https://www.daikin.com/csr/employee/diversity.html>

<sup>20</sup> Kao, Kao Kao Kirei Lifestyle Plan Progress Report 2020, <https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-29.pdf>, 1.

<sup>21</sup> Statista, "Population of Japan from 2000 to 2019, by gender", 2021, <https://www.statista.com/statistics/612246/japan-population-breakdown-total-gender/>

participation rate among women aged 15 and over in Japan is 53.3%, much lower than 71.4% for men. Japan has one of the lowest female labor force participation rates among OECD countries<sup>22</sup>.

In 1985, the Japanese government passed the Equal Employment Opportunity Law (EEO), and in April 1986, the law officially took effect. Although Japan has implemented the EEO law for more than 30 years, its effectiveness is limited. In general, Japanese women still face many barriers in employment and suffer from a salary disadvantage compared to men. In particular, the percentage of women working in technology and engineering in Japan is a record low among OECD countries, reaching only 13% in 2017<sup>23</sup>. However, in some high-tech multinational companies which manufacture electronic products and implement diversity management, the ratios of female employees are varied.

**Table 2. Number & ratio of female employees in some Japanese firms**

*Unit: Person (%)*

	Companies	2010	2012	2016	2018	2019	2020
1	<b>Toshiba&amp;Key Group companies<sup>24</sup></b>						
	Female employees	-	-	-	-	-	3,273 (13%)
2	<b>Hitachi, Ltd<sup>25</sup></b>						
	Ratio of female employees	-	15.9% (2011)	16.8%	17.8%	19%	19.7%
3	<b>Sharp Corporation</b>						
	Female employees	-	2,144 <sup>26</sup> (10%)	-	-	-	779 <sup>27</sup> (12.9%)
4	<b>Daikin Industries, Ltd<sup>28</sup></b>						
	Female employees	12.03 <sup>29</sup> %	12.7% <sup>30</sup>	-	-	1,440 (16.38%)	1,527 (16.99%)
	Number of Hires and Ratio of Women	-	-	86 (31.5%)	131 (30.5%)	123 (28.5%)	118 (28.0%)
	<b>Daikin in Global</b>						
	Female employees <sup>31</sup>	-	-	-	-	22,140 (28%)	23,824 (28%)
5	<b>Kao Group<sup>32</sup></b>						

<sup>22</sup> ILO, “Women in business and management: Gaining momentum in Asia and the Pacific”, 3 July 2015, 7.

<sup>23</sup> Georgina Varley, “Women in tech by country”, *Women of Silicon Roundabout*, 21 November 2018, <https://www.women-in-technology.com/wintec-blog/women-in-tech-by-country>

<sup>24</sup> Toshiba, “Promotion of Diversity and Inclusion”, as of the end of March, 2020, <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

<sup>25</sup> Hitachi, “Hitachi Sustainability Report 2021”, [https://www.hitachi.com/sustainability/download/pdf/en\\_sustainability2021.pdf](https://www.hitachi.com/sustainability/download/pdf/en_sustainability2021.pdf), 150, and “Hitachi Group Sustainability Report 2012”, <https://www.yumpu.com/en/document/read/22311789/hitachi-group-sustainability-report-2012-pdf-format-780mbytes>, 97.

<sup>26</sup> Sharp, “Sharp Sustainability Report 2012”, as of 1 April 2012, 86.

<sup>27</sup> Sharp, “Diversity Management”, <http://global.sharp/corporate/eco/social/diversity/>, as of April 1, 2021.

<sup>28</sup> Daikin, “Workplace Diversity”, <https://www.daikin.com/csr/employee/diversity.html>, as of the end of March 2021.

<sup>29</sup> Daikin, as of the end of March 2010.

<sup>30</sup> Daikin, “Daikin Group CSR Report 2012”, as of the end of March 2012, 28.

<sup>31</sup> Figures as of fiscal year-end.

<sup>32</sup> Kao, “Kao Kirei Lifestyle Plan Progress Report 2020”, <https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-29.pdf>, 173.

	Female employees	-	-	16,332 (49.2%)	16,748 (49.8%)	16,657 (49.6%)	-
<b>Kao in Japan</b>							
	Female employees	-	-	11,130 (50.6%)	11,464 (51.4%)	11,292 (51.1%)	-

Source: Based on websites and annual company reports

Specifically, among the 5 Japanese companies mentioned above, four companies (Sharp, Toshiba, Hitachi, Daikin) are in the high-tech and engineering-related fields, with Sharp having the lowest percentage of female employees at 10% (in 2012) and Daikin having the highest at 17% (in 2020). As for Hitachi, the rate of female employees tends to increase gradually, while the rate of new female employees is about 28% in Daikin Industries, Ltd. Hence, promoting recruitment and employment of female employees tends to increase gradually in the 4 enterprises implementing diversity management strategies. In particular, in Kao Cosmetics Group, the rate of female employees is approximately 50% globally and over 51% in Japan.

**Table 3. Number & ratio of female managers or higher in Japanese firms**

	Companies	2010	2012	2016	2018	2019	2020
1.	<b>Toshiba&amp;Key Group companies<sup>33</sup></b>						
	Female managers	223 (3.4%)	270 (3.8%)	326 (4.3%)	330 (4.7%)	339 (4.9%)	7.0% (Target for FY 2020)
	Section manager class	-	-	5.1%	5.6%	5.7%	-
	Division manager class	-	-	3.0%	3.4%	3.6%	-
2	<b>Hitachi, Ltd<sup>34</sup></b>						
	Female Managers	386 (3.3%)	377 <sup>35</sup> (3.4%)	509 (4.1%)	635 (4.8%)	700 (5.5%)	768 (6.5%)
	Ratio of female executive and corporate officers	-	-	-	-	-	10.1% <sup>36</sup>
	<b>Hitachi Group</b>						
	Female Managers	-	-	2,563 (6.7%)	3,975 (8.3%)	4,302 (8.9%)	4,641 (9.5%)
3	<b>Sharp Corporation<sup>37</sup></b>						
	Female managers	-	68 (2.2%)	86 (3.3%)	76 (3.3%)	75 (3.6%)	63 (3.4%)
	Female executive officers	-	1 (2.7%)	-	-	-	0
4	<b>Daikin Industries, Ltd<sup>38</sup></b>						

<sup>33</sup> Toshiba, "Promotion of Diversity and Inclusion", October 2021, <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

<sup>34</sup> Hitachi, "Hitachi Sustainability Report 2021", [https://www.hitachi.com/sustainability/download/pdf/en\\_sustainability2021.pdf](https://www.hitachi.com/sustainability/download/pdf/en_sustainability2021.pdf), 150, and "Hitachi Group Sustainability Report 2012", 98.

<sup>35</sup> Hitachi, "Hitachi Group Sustainability Report 2012", 98, as of 2011.

<sup>36</sup> Hitachi, as of June 2021.

<sup>37</sup> Sharp, "Sharp Sustainability Report 2012", as of 1 April 2012, 86, and Sharp, "Diversity Management", <http://global.sharp/corporate/eco/social/diversity/>.

<sup>38</sup> Daikin, "Workplace Diversity", <https://www.daikin.com/csr/employee/diversity.html>

	Female managers <sup>39</sup>	-	-	47 (4.4%)	59 (5.3%)	63 (5.4%)	71 (6.0%)
	Female board members	-	-	-	-	1(2.04%)	1 (1.89%)
<b>5</b>	<b>Kao Group<sup>40</sup></b>						
	Female managers	-	23.6%	1,700 (25.4%)	1,799 (27.3%)	1,991 (29.4%)	-
	Female executive officers	-	-	11 (6.7%)	16 (8.0%)	16 (8.0%)	-
	<b>Kao in Japan</b>						
	Female managers	-	-	573 (13.1%)	847 (18.4%)	1,006 (21.2%)	-
	Female executive officers	-	-	5 (4.1%)	10 (6.0%)	10 (5.7%)	-

Source: Based on websites and annual company reports

The percentage of women in management positions and above in the five companies has also improved over years. While the rate of female managers in Sharp has increased slowly, reaching only 3.4% in 2020, the ratio of female managers reaching 6.0% or more in the three remaining companies, Daikin, Hitachi, and Toshiba. The rate of female managers in these three companies has regularly increased. Kao companies in Japan and in the rest of the world have high percentages of female managers, ranging from 23.6% to nearly 30%. In particular, the ratio of women who are executive officers at Kao is higher than that of female managers in the rest of high-tech and engineering companies.

#### *Promoting recruitment and employment of people with disabilities*

In 1960, the Japanese government promulgated the “Act for Employment Promotion, etc. of Persons with Disabilities” to promote employment for people with disabilities<sup>41</sup>. The law related to disabled workers has been revised several times after that. Notably, the Act for Eliminating Discrimination against Persons with Disabilities was introduced in April 2016. Recently, the Act on Employment Promotion of Persons with Disabilities (2019) officially took effect. Accordingly, the employment quota for workers with disabilities has been raised over the years. The law obliges companies and government organizations to employ a certain percentage of people with physical, intellectual, or mental impairments. A legal quota was 1.5% to 1.6% on 1 April 1988, to 1.8% on 1 July 1998, and again to 2.0% from 1 April 2013 onward<sup>42</sup>. The quota was set at 2.2% in 2018. Since 2019, Japanese companies have to ensure that 2.3% of their jobs are filled by people with disabilities<sup>43</sup>. It means that an employer with more than 44 employees has to employ at least one person with disabilities.

In comparison with other OECD countries, the quota for workers with disabilities in Japan is pretty low. This quota is highest in Italy at 7%, followed by France and Poland at 6%, Germany and

<sup>39</sup> Daikin, “Daikin Group Sustainability Report 2021”, [https://www.daikin.com/csr/report/2021/daikin\\_csr2021\\_Eng\\_all.pdf](https://www.daikin.com/csr/report/2021/daikin_csr2021_Eng_all.pdf), 30.

<sup>40</sup> Kao, “Kao Kirei Lifestyle Plan Progress Report 2020”, <https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-29.pdf>, 173.

<sup>41</sup> ILO, “Japan Promotion of the Employment of Persons with Disabilities Law”, 25 July 1960, [https://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=27786](https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=27786)

<sup>42</sup> “Employment quota for persons with disabilities at private enterprises to be incrementally raised to 2.3%”, Japan Labor Issues, vol.2, no.6, April-May 2018, <https://www.jil.go.jp/english/jli/documents/2018/006-01.pdf>, 5.

<sup>43</sup> Hayato Yasuzawa, “Reviewing the cultural, economic and legal state of Diversity & Inclusion in Japan”, 2 April 2021, <https://www.bmes.com/reviewing-cultural-economic-and-legal-state-of-diversity-inclusion-japan-1/>



Portugal at 5%, Australia at 4%, Turkey at 3%, and Spain and Belgium at 2%<sup>44</sup>. The compliance level of Japanese companies is also lower than most countries in the OECD. According to a report by the Ministry of Health, Labor and Welfare of Japan, the percentage of companies which do not meet the minimum rate in 2008 and 2009 was 54.1% and 54.5%, respectively (as of June every year)<sup>45</sup>.

As of the end of 2008, there were more than 7 million people with disabilities (physical and intellectual disabilities) in Japan, accounting for about 6% of the population<sup>46</sup>. However, not all private enterprises can meet the requirement of 1.8% of disabled employees. As a result, most businesses were fined because they did not comply with the legal employment rate for disabled people. After 2016, when the required employment rate of people with disabilities was raised, most companies can hardly meet the requirements. According to a 2017 report by the Ministry of Health, Labor and Welfare of Japan, people with disabilities accounted for only 1.97% of the workforce<sup>47</sup>. However, in the 5 enterprises implementing diversity management, recruitment of people with disabilities has been relatively well with many different initiatives.

**Table 4. Number and Employment rate of the disabled in Japanese firms**

*Unit: Person (%)*

Companies	2010	2012	2014	2016	2018	2019	2020	2021	
<b>Legally required employment rate</b>									
In private enterprises	1.8		2.0%		2.2%			2.3%	
Average of all private-sector firms <sup>48</sup>	1.68	-	-	1.92	2.05	2.11	2.15	-	
1 <b>Toshiba Corp</b> <sup>49</sup>	-	1.96	2.09	-	-	-	-	-	
<b>Toshiba Group</b> <sup>50</sup>	-	2.16	2.37	764 (2.05)	594 (2.37)	573 (2.31)	574 (2.41)	-	
2 <b>Hitachi Ltd</b> <sup>51</sup>	933 <sup>52</sup> (2.05)	(2.0)	-	-	1,848 (2.23)	1,899 (2.26)	2,403 (2.33)	2,575 (2.37)	
3 <b>Sharp Group</b> <sup>53</sup>	2.19 <sup>54</sup>	2.12 <sup>55</sup> (2011)	-	2.39	2.45	2.43	2.46	2.46	

<sup>44</sup> Rafael Lalive, Jean-Philippe Würlrich, Josef Zweimüller, "Do financial incentives for firms promote employment of disabled workers? A regression discontinuity approach", *CEPR Discussion Paper*, no.7373, (2009), [https://www.researchgate.net/publication/46435441\\_Do\\_Financial\\_Incentives\\_for\\_Firms\\_Promote\\_Employment\\_of\\_Disabled\\_Workers\\_A\\_Regression\\_Discontinuity\\_Approach](https://www.researchgate.net/publication/46435441_Do_Financial_Incentives_for_Firms_Promote_Employment_of_Disabled_Workers_A_Regression_Discontinuity_Approach)

<sup>45</sup> Tadashi Kudo, "Japan's employment rate of persons with disabilities and outcome of employment quota system", 2010, [https://www.jil.go.jp/english/JLR/documents/2010/JLR26\\_kudo.pdf](https://www.jil.go.jp/english/JLR/documents/2010/JLR26_kudo.pdf), 15.

<sup>46</sup> Ryosuke Matsui, "Employment measures for persons with disabilities in Japan", *Hurights Osaka*, FOCUS December 2008, Volume 54, <https://www.hurights.or.jp/archives/focus/section2/2008/12/employment-measures-for-persons-with-disabilities-in-japan.html>

<sup>47</sup> Magdalena Osumi, "Learning what life in Japan is like for people with disabilities", *The Japan Times*, 15 October 2018, <https://www.japantimes.co.jp/news/2018/10/15/national/social-issues/learning-life-japan-like-people-disabilities/>

<sup>48</sup> Based on a survey by the Japanese Ministry of Health, Labor, and Welfare, Sharp, "Diversity Management", <http://global.sharp/corporate/eco/social/diversity/>, and Sharp, "Sharp Sustainability Report 2012", 87.

<sup>49</sup> Data for April or June every year.

<sup>50</sup> Toshiba, "Promotion of Diversity and Inclusion", <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

<sup>51</sup> Hitachi, "Promoting Diversity and Inclusion", <https://www.hitachi.com/sustainability/labor/diversity/index.html>

<sup>52</sup> Hitachi, "Hitachi Group Sustainability Report 2012", 100.

<sup>53</sup> Sharp, "Diversity Management", <http://global.sharp/corporate/eco/social/diversity/>

<sup>54</sup> Sharp, "Sharp Sustainability Report 2012", 87.

<sup>55</sup> Sharp, "Sharp Sustainability Report 2012", 87.

4	<b>Daikin Group</b> <sup>56</sup>	2.34	2.34 <sup>57</sup>	-	308 (2.19)	359 (2.42)	369 (2.44)	390 (2.55)	-
5	<b>Kao Corp</b> <sup>58</sup>	1.93	2.11	-	2.21	2.29	2.37	-	-
	<b>Kao Group in Japan</b>	1.98	2.11	-	2.1	2.27	2.42	-	-

Source: Based on websites and annual company reports

Specifically, Sharp launched a website providing information on the recruitment of disabled workers at Sharp Group to achieve the employment rate prescribed by law. Toshiba, Hitachi, and Kao regularly implement various programs to raise awareness about workers with disabilities and recruit workers with disabilities as shown in the table below.

**Table 5. Some activities to promote better understanding of disability and increase the employment of people with disabilities**

Companies	<i>Promoting better understanding of disability</i>	<i>Promoting the employment of people with disabilities</i>
<b>Toshiba</b> <sup>59</sup>	<ul style="list-style-type: none"> <li>- In February 2005, Toshiba With Corporation was established to create an environment where people with and without disabilities can live and work together.</li> <li>- Toshiba Group has been providing employees with monthly sign language lessons “Toshiba sign language club” to teach and provide information to promote understanding of hearing disabilities, attracting the participation of 1,658 employees (as of 2013).</li> </ul>	<ul style="list-style-type: none"> <li>- In 2010, established a system to link 7 departments to support workers with disabilities, including Human Resources and Management Department and Toshiba Design Center to help the company design and implement comprehensive solutions to support workers with disabilities<sup>60</sup>.</li> <li>- As of 2020, 49 employees with intellectual disabilities are working at 6 different business sites of Toshiba Group.</li> <li>- Toshiba With received the Toshiba Corporate Citizenship Award in “Social Contribution by Business” category for its contributions to society through business in 2013.</li> </ul>
<b>Hitachi</b> <sup>61</sup>	<ul style="list-style-type: none"> <li>- In April 2017, the Disabled Person Support Center was established to support the hiring, recruiting, retention, and so on of persons with disabilities by all Hitachi High-Tech Group companies.</li> <li>- Each year, several employees attend and compete in the annual National Abilitympics (vocational</li> </ul>	<ul style="list-style-type: none"> <li>- During fiscal 2011, job fairs for people with disabilities was held twice instead of once and five study meeting on employing people with disabilities was held to share information on the recruitment of disabled workers among companies in the group<sup>62</sup>.</li> <li>- As of June 2021, the employment ratio of people with disabilities was 2.37% at Hitachi, Ltd. (includes one special subsidiary and 23</li> </ul>

<sup>56</sup> Daikin, “Human Resource Workplace Diversity”, <https://www.daikin.com/csr/employee/diversity.html>

<sup>57</sup> Daikin, “Daikin Group CSR Report 2013”, 28.

<sup>58</sup> Kao, “Kao Kirei Lifestyle Plan Progress Report 2020”, as of June, 167.

<sup>59</sup> Toshiba, “Promotion of Diversity and Inclusion”, <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

<sup>60</sup> Toshiaba, “Toshiba Group CSR Report 2011”, 27.

<sup>61</sup> Hitachi High-Tech Global, “Diversity Management”, [https://www.hitachi-hightech.com/global/about/csr/social/labor\\_practices/diversity\\_management/](https://www.hitachi-hightech.com/global/about/csr/social/labor_practices/diversity_management/)

<sup>62</sup> Hitachi, “Hitachi Group Sustainability Report 201”, 23.

	skill contest for persons with disabilities).	related group companies) and 2.42% for the entire Group in Japan. Both of these figures exceed Japan's legally required employment ratio of 2.3 % <sup>63</sup> .
<b>Kao</b>	<ul style="list-style-type: none"> <li>- September was designated as the month to raise awareness about workers with disabilities.</li> <li>- Since 2012, Kao has conducted a targeting management staff and held individual interviews using a round-table talk format to learn about the common problems of workers with disabilities in the workplace.</li> <li>- Introducing UD Talk voice-recognition software to support communication for workers with hearing impairments.</li> <li>- Seminars, informational events to improve understanding of disability are held every year.</li> </ul>	<ul style="list-style-type: none"> <li>- In October 2005, Kao established a special subsidiary Kao Peony Co., Ltd. By January 2020, the subsidiary recruited 61 employees<sup>64</sup>, 48 of whom are disabled. Each employee responsible for the production process can maximize individual abilities and practice Yoki-Monzukuri based on enthusiasm, cooperation, and teamwork.</li> <li>- Subsidiaries such as KCMK or Kao in Australia also actively recruit workers with disabilities. Kao Corp or Kao Group in Japan has increased the percentage of disabled workers, 2% higher than the prescribed quota since 2012.</li> </ul>

Source: Based on websites and annual company reports

Like large corporations, companies implementing diversity management have “subsidiaries” with 100% of people with disabilities as these subsidiaries help “parent companies” meet the legally required ratio of disabled employees in Japan. Daikin is rated as the most active company in recruiting workers with disabilities. From 2008 to 2012, the proportion of workers with disabilities increased from 2.17% to 2.34%. As of the end of the fiscal year 2020, 2.55% of workers in Daikin Group were persons with disabilities, that is higher than the legally required employment ratio of 2.3%<sup>65</sup>. Because of these achievements, Daikin won countless awards such as the First Place Award for “Model Improved Workplace Employing People with Disabilities” in 1998 granted by the Ministry of Health, Labor and Welfare of Japan and the 2004 First Asahi Corporate Citizenship Award, etc.

#### *Promoting recruitment and use of seniors*

Japan not only has an aging population and longer life expectancy, but the country also has a high percentage of workers over 60 years old. Compared to six developed countries, namely the United States, Italy, Germany, the United Kingdom, France, and Sweden, the proportion of men aged 60 or older participating in the labor force of Japan has always been higher from 1980 to 2010. This rate among Japanese women is only lower than those of the US and Sweden between 2000 and 2010<sup>66</sup>. The average working age of Japanese men is 69 years old, five years higher than their counterparts in other developed countries in the OECD, and ten years longer than men in France<sup>67</sup>. The average retirement

<sup>63</sup> Hitachi, “Promoting Diversity and Inclusion”, <https://www.hitachi.com/sustainability/labor/diversity/index.html>

<sup>64</sup> Kao, “Kao Kirei Lifestyle Plan Progress Report 2020”, 166.

<sup>65</sup> Daikin, “Workplace Diversity”, <https://www.daikin.com/csr/employee/diversity>

<sup>66</sup> The Japan Institute for Labour Policy and Training (JILPT), “Chapter 1 The Current Status and the Challenges of the Employment of Elderly People”, *Labor Situation in Japan and Its Analysis: Detailed Exposition 2012/2013*, The Japan Institute for Labour Policy and Training, <https://www.jil.go.jp/english/lsj/detailed/2012-2013/chapter1.pdf>, 1.

<sup>67</sup> Dawn, “Japan's seniors work on into retirement”, 15 November 2012, <http://www.dawn.com/news/764225/japans-seniors-work-on-into-retirement>.

age for Japanese women is 67, higher than the OECD average of 63. Japan has such a higher retirement age due to the needs of the elderly, government policies, and business choices.

More and more Japanese companies are recruiting elderly workers. About 95% of the companies affected by the Employment Security for the Elderly Act 2006 have make-of-place programs for workers between 60 and 64. According to the results of a joint investigation about the employment of older people in enterprises conducted by JILPT (Japan Institute for Labor Policy and Training) in 2008, 62.1% of companies did not implement a system or guarantee employment for people over 65<sup>68</sup>. However, there was a shift in the attitude of recruiting elderly workers in Japanese companies, ranging from large companies to small cooperatives. Companies are competing to recruit and accommodate older workers. Kenji Ueda, a 72-year-old former Tokyo gas company executive who founded a temporary recruitment company specializing in the elderly, says his company is thriving. “We recycle retirees the same way we recycle industrial waste.” Toyota and Sumitomo Mitsui bank announced a re-employment program, and construction equipment manufacturer Komatsu rehired 90% of retired workers with a 40% cut in wages<sup>69</sup>. This is because according to many businesses, elderly workers are not suitable to work at full capacity when they have reached retirement age.

Currently, most Japanese companies still set mandatory retirement age. Seniors can continue working at a reduced salary, retire, or look for another job. However, in some large enterprises implementing diversity management, re-employment of older workers has become a common trend.

**Table 6. Re-employing elderly workers in some companies overtime**

<b>Name</b>	<b>Content</b>
<b>Toshiba</b> <sup>70</sup>	
2001	Establishment of a system to extend working time to 65 years of age.
2013	Expanding employment opportunities for all full-time employees to the official retirement age of 60 and beyond depending on demand.
<b>Sharp</b> <sup>71</sup>	
2001	Establishment of a system for re-employment of elderly workers up to 60.
2013	Apply mandatory retirement age of 60 and can re-employ employees to work up to 65 years old.
<b>Daikin</b>	
1979	Retirement age extended from 55 to 60.
1991	Introduction of re-employment system for employees up to 63.
2001	Age raised from 63 to 65.
2004	Senior Skill Specialist contract employee system introduced.
2005	Experience worker revitalization project started.
2006	System introduced at Daikin Group companies in Japan in 2006.
4/2021	Allow extending working time to 70 years old. <sup>72</sup>
<b>Kao</b>	
2006	Introduced the Senior Partner policy with the view of “ensure a stable supply of human resources” and “transfer experience and expertise from skilled and experienced staff”.

<sup>68</sup> The Japan Institute for Labour Policy and Training (JILPT), “Chapter 1 The Current Status and the Challenges of the Employment of Elderly People”, *Labor Situation in Japan and Its Analysis: Detailed Exposition 2012/2013*, The Japan Institute for Labour Policy and Training, <https://www.jil.go.jp/english/lsp/detailed/2012-2013/chapter1.pdf>, 3.

<sup>69</sup> Dhara Ranasinghe, “Can Japan’s Elderly Become Its Growth Engine?”, CNBC, 24 October 2012, <http://www.cnbc.com/id/49472404>

<sup>70</sup> Toshiba, “Promote of Diversity and Inclusion”, <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

<sup>71</sup> Sharp, “Diversity Management”, <http://global.sharp/corporate/eco/social/diversity/>

<sup>72</sup> Daikin, “Workplace Diversity”, <https://www.daikin.com/csr/employee/diversity.html>

2008	Expanding the re-employment target to include non-managerial employees.
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Source: Data collected from the companies' website.

Among the five enterprises, only Hitachi has not introduced the old-age re-employment program. The remaining enterprises adjusted working hours in line with the government's Act for Stabilization of Employment of Older Persons.

It can be clearly seen that Daikin is a leading company in promoting employment for the elderly. On average, Daikin re-hires more than 100 elderly workers every year<sup>73</sup>. In the fiscal year 2020, there were 652 senior employees working under this system. At the same time, the company also has a high re-employment rate of older workers, ranging from 84% to 91% from 2008 to 2019.

**Table 7. Re-employment rates of Daikin and Kao**

*Unit: %*

No	Companies	2008	2010	2012	2016	2018	2019	2020
1	Daikin Industries	84.1	90.6	88.1	91.0	86.8	91.0	85.3
2	Kao Corp <sup>74</sup>	-	38.2	58.5	82.3	84.4	85.3	-

Source: Data collected from the companies' website.

Consequently, job creation for elderly workers receives significant attention from enterprises implementing diversity management in Japan. Although re-employment rate of elderly workers is varied among companies, Japanese enterprises tend to focus on the re-employment of senior workers. The statutory retirement age was increased from 60 in 2013 to 70 in 2020. Enterprises focusing on diversity in human resources are quite active in re-hiring older workers. The results of a 2008 survey of employers in 31 countries by the U.S. company Manpower Inc. also shows that Japan ranked second in the world in recruiting and retaining older workers<sup>75</sup>.

#### *Promoting recruitment and employment of foreigners*

Recognizing the importance of diverse human resources, Japanese companies are increasingly recruiting foreign workers. However, due to many barriers from culture, language, etc., the pace of recruitment of foreign workers is somewhat slower than that of women, people with disabilities, and the elderly.

**Table 8. Distribution of labor in some Japanese enterprises**

*Unit: person (%)*

No	Companies	2009	2010	2011	2012	2013	2021
1	<b>Daikin Industries</b>						
	Domestic labor	11,044 (28.4)	11,146 (26.8)	11,144 (25.2)	-	-	-
	Foreign labor	27,836 (71.6)	30,423 (73.2)	32,966 (74.8)	-	-	-
2	<b>Hitachi Ltd.</b>						
	Foreign labor in Japan	218	230	239	257	244	-
	Director	-	-	-	-	-	6 (46.2)

<sup>73</sup> Daikin, "Workplace Diversity", <https://www.daikin.com/csr/employee/diversity>

<sup>74</sup> Kao, "Kao Kirei Lifestyle Plan Progress Report 2020, 2020, <https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-29.pdf>, 173.

<sup>75</sup> Takehiko Kambayashi, "In Japan, better with age", *The Christian Science Monitor*, 2 September 2012,

<http://www.csmonitor.com/World/Asia-Pacific/2012/0902/In-Japan-better-with-age>.

3	<b>Kao Group</b>						
	Domestic labor	-	-	-	22,203 (66.6)	22,088 (66.8)	-
	Foreign labor	-	-	-	11,147 (33.4)	10,966 (33.2)	-
4	<b>Toshiba Group</b>						
	Domestic labor	-	-	120,407 (59.4)	-	-	-
	Foreign labor	-	-	82,231 (41.6)	-	-	-

Source: Data collected from the companies' website.

A good example of globalizing business operations is Daikin. From 2009 to 2011, Daikin continued increasing the proportion of foreign workers to 74.8%, nearly three times higher than that of domestic workers. In particular, Daikin has a high percentage of foreigners holding high positions. As of the end of September in fiscal 2020, local nationals accounted for 42.9% of the presidents and 48.2% of the directors at overseas Daikin bases<sup>76</sup>. As for Kao Group and Toshiba Group, the rate of foreign workers in 2012 was 33% and 41%, respectively. At Hitachi Ltd in Japan, although the number of foreign workers employed is still modest, by 2021, there are 6 foreign directors, accounting for 46.2%.

Another noteworthy point in recruitment activities is that at the headquarters of some companies in Japan, the recruitment of foreign workers is very limited. For example, Hitachi recruited 70 foreign students from domestic and international universities, and 10 Japanese graduates from foreign universities to globalize the human resources of the enterprise in 2014. Similarly, as of April 2020, Sharp had only about 160 non-Japanese employees from 14 countries working in various departments and job categories<sup>77</sup>. Because of the above problems, enterprises implementing diversity management have put much effort into helping foreign workers quickly integrate into the corporate culture. In 2004, Daikin established the Daikin Business School to train employees working in foreign branches. After attending the course, employees will understand and respect cultural values, will be able to communicate with workers in the host country, and learn about the market situation. On the other hand, the course helps employees instill Daikin's fundamentals in HR and labor matters. As of 2011, 57 employees took the above-mentioned course.

In 2006, in addition to employing foreign nationals studying in Japan as exchange students, Toshiba launched the Global Recruitment Program to directly recruit foreign graduates from overseas universities. By 2019, more than 400 global recruits joined Toshiba and they played active roles in various fields such as sales, R&D, and design. Since 2011, Toshiba has conducted regular assessments of job duties and work environments to improve them, presenting good examples from other workplaces. In these assessments, global recruits and their superiors discuss what they each respectively regard as challenges, as well as good methods/means of encouraging foreign national employees to actively involve themselves in their workplaces. Training is also provided for managers and trainers in workplaces receiving those who are newly employed through global recruitment<sup>78</sup>.

At Kao in Japan, the Kao Research and Development Center actively recruits foreign researchers. Previously, the company recruited foreign students studying in Japan. Kao is now aiming

<sup>76</sup> Daikin, "Workplace Diversity", <https://www.daikin.com/csr/employee/diversity>

<sup>77</sup> Sharp, "Diversity Management", <http://global.sharp/corporate/eco/social/diversity/>

<sup>78</sup> Toshiba, "Promotion of Diversity and Inclusion", <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

to recruit directly from overseas universities. Kao strives to ensure an open working environment with English documents and communication at work to build friendly workplace relations<sup>79</sup>.

Thus, although many efforts have been made to change corporate culture to attract and retain foreign workers, the ratio of foreign workers in Japanese enterprises implementing diversity management is still modest.

## **ANALYSIS AND CONCLUSION**

### *Competitiveness of Japanese enterprises through promoting diversity in human resources*

A homogeneous workforce and lifetime employment used to be the plus points to help improve the competitiveness of Japanese enterprises in the past. However, in the face of rapid changes in globalization and challenges from demographic changes, Japanese businesses need to apply diversity management to diversify their human resources. Firstly, it can improve corporate culture, which in turn enhances corporate image locally and globally.

### *Improve corporate culture*

According to estimates by Goldman Sachs, Japan's GDP growth could be as high as 12.5% if the labor force participation rate of women equals that of men<sup>80</sup>. The increase in percentage of women in business will compensate for the shortage of human resources and change the corporate culture. Although there is a difference in the proportion of female employees and the percentage of female managers, the five enterprises have seen an increase in the number of female employees. In particular, these companies have implemented activities to change the traditional recruitment culture in Japan.

At Hitachi, Ltd., from 2000 to 2004, phase 1 of the diversity management development was implemented with a focus on supporting women's career advancement. In the period from 2006 to 2009, the company implemented phase 2 with the motto: from "women" towards "diversity". Then, phase 3 with "diversity promoted as a management strategy" was implemented from 2012 to 2021<sup>81</sup>. Among them, the company started the Diversity and Inclusion Development Project in 2006 to promote women in the workplace as well as create favorable conditions for employees to balance work and take care of young children. In 2009, Hitachi, Ltd. established the Diversity Development Group Council to promote diversity in its entire 25-company system. In particular, in 2013, Hitachi established two key performance indicators (KPIs) that allow female employees to assume leadership positions and participate in decision-making processes<sup>82</sup>.

At Toshiba Corp., in 2004, the Diversity Promotion Advisory Committee was established to promote diversity throughout the group. The committee was then upgraded to the Diversity Strategy Committee headed by a Senior Executive Vice President holding the position of Chief Diversity Officer (CDO), who manages human resource managers and directors of the main companies in the group. This committee urges divisions and subsidiaries to implement diversity initiatives within the group every six months. In order to increase the number of female employees, Toshiba increased the percentage of newly recruited female employees to 25% in technical positions and 50% in administrative positions in 2020<sup>83</sup>. However, the ratio of new female graduates joining Toshiba and key Group companies in April 2020 was 37% for business administrative positions (target 50%) and 19% for R&D/Engineer positions (target 25%). Toshiba also organized "Kirameki Juku" course for

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<sup>79</sup> Kao, "Kao Kirei Lifestyle Plan Progress Report 2020", <https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-all.pdf>, 165.

<sup>80</sup> Goldman Sachs Group, Inc. Womenomics: Japan's hidden asset Japan portfolio strategy, 2005, [http://www.acareerinminingbc.ca/sites/default/files/womenomics\\_japan.pdf](http://www.acareerinminingbc.ca/sites/default/files/womenomics_japan.pdf), accessed 15 May 2015.

<sup>81</sup> Hitachi, Ltd, "Diversity & Inclusion Strategy", 20 April 2021, 2.

<sup>82</sup> Hitachi, "Promoting Diversity and Inclusion", <https://www.hitachi.com/sustainability/labor/diversity/index.html>

<sup>83</sup> Toshiba, "Promotion of Diversity and Inclusion", <https://www.toshiba.co.jp/sustainability/en/performance/social/diversity.htm>

female employees to prepare them for management positions and “Kirameki Koza” course for employees at the same level to increase the percentage of female managers to 5.0% by 2015. At the same time, Toshiba regularly organizes courses and events to attract high school and female students and familiarize them with electronic products and future career orientations.

#### *Enhance corporate image locally and globally*

Efforts to increase recruitment of female and disabled workers have helped Japanese companies improve their corporate image. For example, Kao Corporation was selected for inclusion in the Bloomberg Gender-Equality Index (GEI) in January 2019. GEI identifies companies that are committed to transparency in gender reporting and to advancing equality for women in the workplace<sup>84</sup>. In 2019, a total of 230 companies were selected for inclusion in GEI, of which 14 are Japanese companies. In 2022, Kao Corporation received GEI, marking the fourth consecutive year<sup>85</sup>. In March 2019, Kao was selected by METI as a Semi-Nadeshiko Brand for its outstanding achievements in advancing women's participation in the workplace. Kao also ranked first in the Diversity Workstyle Promotion section. At the end of 2019, Kao received the Japanese Prime Minister's Award for Leading Companies Where Women Shine from the Cabinet Office of Japan.

In 2016, Kao Corp was awarded the Kurumin Platinum certification for creating a supportive workplace for employees with young children, in line with the Act for Measures to Support the Development of Next-generation. Kanebo Cosmetics Inc. and Kao Group Customer Marketing Co., Ltd. (KCMK) were awarded Kurumin certification in 2009 and 2011 respectively. In 2019, Kao Transport & Logistics Co., Ltd. was also awarded the Kurumin certificate<sup>86</sup>.

In 2019, both Kao Group's Sakata Factory and Tohoku Branch's Yamagata Office of Kao Group Customer Marketing Co., Ltd. (KCMK) were awarded Diamond level certification as Yamagata Child Care and Nursing Care Support Lively Companies certification from the Yamagata prefectural government. This certification is awarded to those business enterprises, among firms that have implemented measures to foster women's advancement and support the maintenance of work-life balance (particularly in relation to child care and nursing care) that meet certain criteria specified by the Yamagata Prefectural Government.

Another example is Daikin. In March 2021, Daikin received the Nadeshiko Brand for supporting female employees looking to forge a career. This was the eighth time and the seventh consecutive year<sup>87</sup>.

Regarding the recruitment of workers with disabilities, Hitachi is one of the rare Japanese enterprises to join The Valuable 500 list in March 2021<sup>88</sup>. This is a list of 500 companies and leaders committed to putting disability on the business leadership agenda.

In the list of top 500 companies in the world in 2020, Hitachi ranked 106 and Toshiba ranked 402<sup>89</sup>. These two companies have been actively implementing diversity management for a long time. Therefore, the indispensable role of managing diversity in enhancing the competitiveness of enterprises is undeniable.

#### *Assessment on promoting diversity human resource in several Japanese companies*

By considering the diversity management activities in some multinational enterprises in Japan, it is possible to draw some following evaluations.

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<sup>84</sup> Kao, “Kao Kirei Lifestyle Plan Progress Report 2020”, 171.

<sup>85</sup> Kao, “Kao is Selected for Inclusion in the 2022 Bloomberg Gender-Equality Index”, 27 January 2022, <https://www.kao.com/global/en/news/sustainability/2022/20220127-001/>

<sup>86</sup> Kao, “Kao Kirei Lifestyle Plan Progress Report 2020”, 169.

<sup>87</sup> Daikin, “Workplace Diversity”, <https://www.daikin.com/csr/employee/diversity>

<sup>88</sup> The Valuable 500, “Hitachi Group: Region – Global, Japan”, <https://www.thevaluable500.com/member/hitachi-group>, accessed 15 January 2022.

<sup>89</sup> Fortune, “Global 500”, [https://fortune.com/global500/2020/search/?fg500\\_country=Japan](https://fortune.com/global500/2020/search/?fg500_country=Japan), accessed 15 November 2021.



*First of all*, the concept of diversity in human resources of Japanese enterprises is quite diverse but mainly revolves around four main aspects: gender (female labor), age (senior labor), disability (people with disabilities), nationality (foreign labor).

*Secondly*, in utilizing diverse human resources, Japanese enterprises focus on the following priority order: female workers, disabled workers, and elderly workers. This is reflected in the number of programs promoting each type of worker as well as the number of businesses committed to creating favorable conditions for workers in Japan. Increasing recruitment and employment of foreign workers has been implemented in some enterprises but it has not received much attention.

*Third*, the increased recruitment of foreign workers has been mentioned in Japanese companies' concept of diversity management, but the results are still quite limited. For years, data on foreign workers has not been updated in the reports of the above 5 enterprises. In particular, the number of foreign workers working at the headquarters in Japan is small. For example, as of the end of March 2021, 99 foreign nationals were working at Daikin Industries, Ltd., an indication of Daikin's efforts to include a diverse range of nationalities in its ranks<sup>90</sup>.

Japan has frequently been portrayed as a unique homogeneous society both racially and ethnically<sup>91</sup>. There are only about 5 ethnic minorities in Japan and the Yamato Japanese are the dominant ethnic group<sup>92</sup>. As a result, the concept of diversity began to appear in Japanese society quite late. In the 1990s, foreign companies entered the Japanese market during the Bubble Economy, and Japanese companies expanded overseas, the concept of diversity became more common.

There are many reasons behind the delay in adopting diversity management in Japanese enterprises. One of the reasons is the lifetime employment system and male-dominated workplace culture. This method of human resource management based on uniformity has boosted the performance of Japanese enterprises for a long time. When the government agencies introduced diversity management, diversity in human resources means increasing the participation of women in enterprises. On the other hand, Japan consistently ranks lowest in the OECD in terms of women's participation in society and the workplace. The awards of METI and other organizations also emphasize the promotion of women in the workplace. Therefore, in diversity management activities, when it comes to enhancing the diversity of human resources, the first priority is given to female employees, followed by disabled workers, elderly workers, and foreign workers. The 5 enterprises' concept of diversity in human resources also focuses on only four aspects: gender, age, disability, and nationality. Although the 4 enterprises, including Hitachi, Toshiba, Daikin and Kao included sexual orientation in implementing diversity management, their programs only promote the understanding of LGBT. The reason may stem from the fact that Japan does not have any anti-discrimination laws protecting the LGBTQ+ community<sup>93</sup>.

The study also finds that the above enterprises have actively enhanced aspects of human resource diversity by increasing the number of employees. Moreover, by promoting diversity in human resources, Japanese enterprises not only improve their corporate culture but also enhance their corporate images domestically and globally. Therefore, diversity management is a new way to strengthen the competitiveness of Japanese enterprises.

## **ACKNOWLEDGEMENT**

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<sup>90</sup> Daikin, "Workplace Diversity", <https://www.daikin.com/csr/employee/diversity>

<sup>91</sup> Yoshio Sugimoto, *An Introduction to Japanese Society*, (Cambridge University Press, 2014), 196, <https://www.cambridge.org/core/books/abs/an-introduction-to-japanese-society/japaneseness-ethnicity-and-minority-groups/E7F50F2705BA0B07D21ED888E305DE8C>

<sup>92</sup> UNHCR, "World Directory of Minorities and Indigenous Peoples – Japan", April 2018, <https://www.refworld.org/docid/4954ce5c23.html>

<sup>93</sup> Hayato Yasuzaw, "Reviewing the Cultural, Economic and Legal State of Diversity & Inclusion in Japan", Boyd&Moore Executive Search, 2 April 2021, <https://www.bmes.com/reviewing-cultural-economic-and-legal-state-of-diversity-inclusion-japan-1/>

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