

PANEL DISCUSSION: 「HOW GENDER DIVERSITY CONTRIBUTES TO INCREASING CORPORATE VALUE」

On July 30, 2021, the 30% Club Japan Investor Group sponsored a panel discussion on the theme of "**How Gender Diversity Contributes to Increasing Corporate Value**".

Panelists shared their valuable experiences and thoughts on issues, latest research, and best practices for promoting gender diversity for approximately 200 participants on the webinar. Participants asked many enthusiastic questions, and panelists responded with very helpful, practical ideas.

Panelists discussed ways in which promoting diversity and inclusion will have a positive impact on corporate performance. They emphasized that top management commitment, performance-based evaluation systems, and eliminating gender bias are imperative in promoting women's empowerment in Japan.

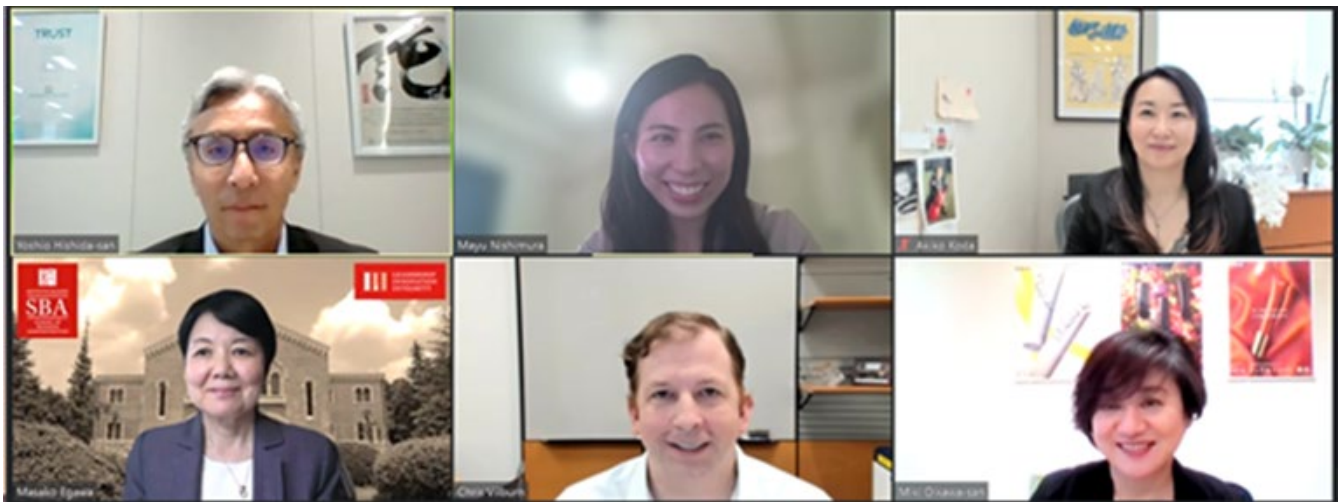


Photo: Panel Discussion Speakers / Steering members

Top (From left: **Yoshio Hishida**, Mayu Nishimura (Investor Group Secretariat), **Akiko Koda**)

Bottom (From left: **Masako Egawa**, Chris Vilburn (Thought Leadership Sub-Group Leader), **Miki Oikawa**)

Speakers

Facilitator:

Yoshio Hishida

CEO and President of Sumitomo Mitsui Trust Asset Management

Panelists:

Dr. Masako Egawa

Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University

Miki Oikawa

President of POLA, Inc

Akiko Koda

Head of Executive Office/Human Capital Management & Co-Chief Administrative Officer, Goldman Sachs Japan

【Summary】

In the opening remarks, Yoshio Hishida, the Investor Group Chair, introduced the 30% Club Investor Group. In order to achieve the 30% Club's goal of increasing the ratio of women executives in TOPIX 100 companies to 30% by 2030, Hishida-san stated that it is important for the 30% Club to gather best practices and proactively share them with both companies and investors in order to achieve better engagement results. One of the key purposes of the Investor Group's annual report published last October is to introduce and encourage gender diversity engagement best practices in Japan.

The main topics of the panel discussion included the following:

1) Current status and challenges of gender diversity in Japan

(Egawa) The main issues are the **weak commitment of leaders in promoting diversity**, as well as the **mechanism of long working hours and time-based evaluations**. I think that employees should be evaluated completely based on performance, regardless of work hours or where they work.

(Koda) The **lack of role models and unconscious bias are also issues**. There are still too few women who are promoted, and it is important for women employees to be able to see various successful career paths. For that purpose, efforts to reduce unconscious bias are necessary.

(Oikawa) Since the **"visualization" of women's abilities is not done appropriately**, there is still a long way to go for women's advancement in terms of numbers of women. It is necessary to show the quality of women's abilities based on facts.

2) How Gender Diversity Contributes to Corporate Performance

(Egawa) The McKinsey report compares companies with and without women on the board, and finds that **companies with more women have higher EBIT margins**. Research by the FRC in the United Kingdom found a similar result. An article on Scientific American says there is a causal relationship in addition to correlation, explaining that **collaboration with diverse members improves performance**.

According to a study by Professor Robin J. Ely of Harvard Business School, **performance will improve not only by increasing the number of women, but also by accepting diverse human resources and changing the culture and power structure of the organization**. Empirical studies compare numbers and ratio of women with performance, but it is difficult to quantify and measure corporate culture and power structure as variables. Thus, this may lead to a variation in the correlation between the number and proportion of women and performance in academic studies.

In Germany, an analysis of data from 151 listed companies from 2000 to 2005 found that **when the woman director ratio exceeded 30%, there was a correlation between the woman director ratio and ROE**. This showed that **when women exceed 30% or the critical mass in the organization, the performance of the company improved**. If the minority exceeds 30%, the culture of the entire organization will change, but if less than 30%, it may be treated as token, making it difficult for individuals to demonstrate their abilities or have a significant degree of influence.

3) Best Practices for Promoting Gender Diversity within Corporates

(Oikawa) It is important to **set specific numerical targets**. These targets allow people to recognize the actual current situation and how much improvement is needed. It is also necessary to **create a flexible working environment regardless of gender**.

Women have fewer networking opportunities than men, so it's important to **create networking opportunities both inside and outside the company**, and to **proactively provide education and promotion opportunities**.

(Koda) In order to further promote diversity and inclusion, **top management should listen to the voices of employees, commit, place budget, put ideas into action, and clarify where responsibility lies**. Furthermore, it is desirable for men and non-minorities to deepen their understanding of the current issues and encourage them to cooperate as allies by participating in firm-wide networks such as Women and LGBT networks.

(Egawa) I would like leaders to support women. Not only in Japan, women are often less confident than men, so it is **necessary for the managers to encourage and sponsor women subordinates**. It is also necessary to explain to all employees **that increasing diversity enhances the acquisition of the best talents and the attractiveness of the organization**.

(Oikawa) I would like companies to realize that it is a serious issue if they do not expect women to be highly skilled or discover their abilities. **In an external survey for employee evaluation (without revealing the gender of our employees), we found that there were more women with excellent scores, which reveals the high potential of women employees**. Through actively conducting surveys by such third parties, it will lead to "finding hidden treasures," or talented women. If it is an internal survey, the evaluation may be unconsciously biased from a male perspective. **I want companies to draw a map to discover their talented women, or "hidden treasures."**

(Egawa) In order to improve the situation where the ratio of women in STEM fields is low at the time of joining a company, it is necessary to **eliminate gender bias in raising children from the concept of "men in science and women in humanities," and to show role models of successful women in the STEM fields**.

After the panel discussion and Q&A session, Chris Vilburn, the Thought Leadership Sub-Group Leader, shared his impressions of the panel discussion and introduced the Thought Leadership Interview Series as closing remarks.

The interview Series could be found in the link below.

<https://30percentclub.org/resources/research-articles>