

30% CLUB JAPAN INVESTOR GROUP INTERVIEW SERIES VOL3

Interview with Kathy Matsui : Womenomics and How to Nurture Female Employees

GSAM Kathy, congratulations on publishing your book, "How to Nurture Female Employees." Could you talk about the background and motivations for writing this book?

Kathy When women's future career prospects are uncertain, they are more likely to quit because they find it difficult to keep motivated. According to surveys on the concerns of employers and female employees, women in general—not just Japanese women—are more likely to drop out of the workforce for reasons such as caring for the elderly or children. Even when governments provide sufficient infrastructure and daycare capacity, women still have problems at the organizational level. After working in a male-dominated industry for 30 years, I wrote this book to share what I have learned about these intra-organizational problems and the solutions.

GSAM Due to the effects of the coronavirus pandemic, working from home is becoming increasingly popular thanks to teleworking and the digitalization of work. Kathy, what do you think about the effects of the pandemic on current efforts to promote women's participation and advancement in the workplace?

Kathy You are right. While the female labor participation rate has risen to over 70%, more than half of Japan's female labor force consists of non-regular employees. When the economy is at its worst, part-time and non-regular employees, many of whom are women, are particularly vulnerable. Many companies were already offering flexible work and work-from-home options, but many people were reluctant to utilize these options out of fear that doing so could have a negative impact on future promotions, or throw them off their career tracks. Now that we are in the coronavirus pandemic, work from home has become a common practice. There are even companies in which all employees now work from home. In particular, the coronavirus is cutting deeply into the traditional seniority-based evaluation system, which has long constituted the largest barrier for women, LGBTQ people, people with disabilities, and other minorities. When people's performances is evaluated in a non-face-to-face fashion, there is no alternative but to focus on results and output. Conventionally, employees could not get promoted unless they devoted all their time to their companies. The coronavirus has turned this old way upside down, resulting in a further

push towards meritocracy. However, what I fear most is that people will go back to the same old way once the coronavirus crisis is over. Although this situation has helped people to realize that they can transition to non-face-to-face work while maintaining or even improving their productivity in some cases, it has also encouraged many people to proactively invest in information technology, automate redundant tasks, cut down on business trips, and so on. The result is a boost for most minorities. What Japan needs most is a productivity revolution.

GSAM As pointed out in the Womenomics 5.0 report, while the female labor participation rate is now higher in Japan than in the United States, many working women in Japan are non-regular employees, what do you think Japan should do to remedy this situation? In Japan, the female manager and board representation ratios also remain very low. What efforts and measures are required to enable more women to take up leadership positions?

Kathy There is no single solution; a broad range of initiatives are needed. As I wrote in my book, if you have a women employee with high managerial potential, it is important to give her stretch assignments as early as possible. And when there is an opportunity for her to assume a challenging role, just ask her if she is interested in taking the job without making any blind assumptions that she's not interested due to her family situation or other circumstances. You must counter your unconscious biases—for example, that women who are married or have children will turn down transfers or hesitate to assume more challenging roles. Corporate should implement education and training to get rid of these unconscious biases. This change cannot be achieved in a short period of time – it's a marathon not a sprint. It is critical to change people's mindsets. Not only in Japan, but all around the world there is a general trend that women are less confident than men. When ten job qualifications are listed as requirements for promotion, women tend to refuse the offer in many cases, saying that they only meet eight out of ten. In my experience, men are more likely to take the smarter approach by assuming that not all ten qualifications have the same weight, and the top three are the most important; they will take the initiative on their own to get the promotion if they think they can meet those three requirements. Given that we belong to a competitive society, mentorship and sponsorship initiatives are also important.



KATHY MATSUI

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Kathy Matsui was born in the United States in 1965. After graduating from Harvard University and earning an MA from Johns Hopkins University, she joined Barclays de Zoete Wedd Securities in 1990 and Goldman Sachs in 1994. She published "Womenomics" in 1999, which underpinned the Japanese government's policy of "promoting women's participation and advancement in the workplace," and was ranked No. 1 in Japan Equity Strategy by Institutional Investor magazine. She has been vice chair of Goldman Sachs Japan since 2015. Besides working as chief Japan equity strategist, she is also a board member of the Asian University for Women Support Foundation. She is the mother of a son and daughter. Her most recent book is "How to Nurture Female Employees."

Although a lack of role models is often cited, Japan has many able women. These women should be presented as role models to students and young women. Japanese people must make a conscious effort to change the situation since gender stereotypes are deeply rooted in Japanese society, as shown by many media commercials, such as those that imply set gender roles by showing women working in the kitchen. However, this does not mean that women should be like men; they should take advantage of their own personalities and strengths, as the coming digital world will be a more intelligence-oriented society with less heavy physical labor, and greater value will be placed on productivity at work. Consequently, the skills which women have naturally will increase in value in the future.

Also, many Japanese women are well educated. Thus, the important thing is to enable them to demonstrate their skills more by providing them with the necessary locations, opportunities, and platforms.

GSAM Your story about the conditions for promotion is very interesting. We also heard in another interview that statistically, women are more likely than men to have all the required abilities for the new role when being promoted to a higher position. This speaks to the tendency of female employees to agree to be promoted only after they meet all the qualifications.

Kathy As the 30% Club Japan aims to achieve, Japan's female board representation ratio is sure to increase in the future given the impact of investors, although the ratio remains in the single digits at present. Under the influence of investors, even management teams who have never shown any real interest in board diversity up until now can no longer ignore it. However, it's also true that presidents and executives often only understand diversity in theory and do not actually value it. There is already objective data to clearly indicate that the more diverse a company is, the higher achieving, more lucrative, and better performing it will be in the stock market; in my opinion it's important to show this evidence-based data. I also often hear top management complain that they have difficulty finding good female board member candidates. Given the fact that there are many women out there who have long been working in the investment management industry as financial professionals as well as in other sectors of the business world, I am sure they can find them if they look carefully. So, my counterargument is: are you really making a serious effort to look?

GSAM Let's move to the next theme, "work-life equilibrium", which you wrote about in your book. You wrote that we should change the way we weigh work and life moment to moment by reflecting the priorities at hand, rather than trying to strike a balance between work and life at all times. Do you have any advice for people who want to practice work-life equilibrium?

Kathy Although this is not the case for everyone, many women I know are relatively perfectionist. They want to do their work and housework flawlessly, and also do things perfectly as mothers. This may be important for every woman, but when I had my first child and returned from a four-month maternity leave, I was feeling stress daily because of my perfectionist attitude. Many of my colleagues were men, some of whom were married to homemakers, and there were also single women. The majority of them were unable to empathize with my circumstances. I

doubt they would have understood me even if I had complained to them. The cause of the stress was due to myself seeking to do everything perfectly. The important thing to understand is that it is impossible to do everything perfectly. "Do what you can, and that's good enough." Or as Sheryl Sandberg (Facebook COO) says, "Done is better than perfect."

GSAM During engagements with the companies that we invest in, we sometimes see cases in which corporate initiatives, such as encouraging male employees to take paternity leave, are linked to positive outcomes, like a high female manager ratio. Do you have any advice for companies that want to establish this kind of positive corporate culture?

Kathy First, it is important to present these trends and data to help employees learn. Disclosure of information is the first step; and then setting targets is very important. Setting targets will at least produce accountability on the part of management. "You cannot manage what you cannot measure." Creating a roadmap that includes the steps required to achieve the targets will lead to organizational action. By doing this, you can monitor yearly progress and identify delays. It may be difficult to form consensus regarding a quota system, but having targets is better than nothing. Another important thing is the commitment from top management. Unless top management repeatedly emphasizes that diversity is a pillar of organizational growth, not just an issue relevant to the HR and CSR departments, it will never truly be engrained within the company. Education for those recruited mid-career and sponsorship programs for high-potential female leader candidates are also important.

GSAM Womenomics marked its twentieth anniversary last year. What highlights have there been along the way in terms of past improvements and future challenges?

Kathy One improvement is that the number of Japanese women working outside the home has increased by 3.3 million in seven years. In addition, there has also been an improvement in information disclosure transparency. The Act on Promotion of Women's Participation and Advancement in the Workplace, which was established in 2015, requires companies to disclose diversity information, and this disclosure is required for selection in

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indices such as the MSCI Japan Empowering Women Index. I suppose this move constituted a first step. I sincerely hope that the disclosure of information will become standardized and be developed into a more legally binding measure. However, I think what was done was the correct move as a first step. Another improvement is that the parental leave system has been enhanced. It is now

one of the best systems in the developed world. In Japan, one year of paid parental leave, and many other benefits, are available to both mothers and fathers. Although the percentage of fathers taking parental leave remains low, at least the country has a system that is quite good. One area that clearly requires improvement is that there is an outright deficiency of women in leadership positions. In my personal opinion, quotas should be applied to the National Diet and other public sectors. The problem will not go away completely even if the government provides the perfect infrastructure. Challenges will remain, such as intra-organizational problems and support for women's career development. Of course, Japan also has some progressive companies, but as far as I can tell, many typical Japanese companies have no such vision. I have been told that my book sold 7,000 copies since its release (as of the beginning of September). While I thought there is nothing sensational about the book, I heard back from many Japanese companies that it's given them new concepts. However, given the recent pressure from investors in relation to ESG-related themes, and also thanks to a shift in thinking among the younger generations, the promotion of women's participation and advancement in the workplace is beginning to be viewed as an issue for everyone, not just for women. This is building momentum. As the Japanese working population is predicted to decline by 40% by 2055, the Japanese labor market is a workers' market. All questions concerning how Japanese companies can grow in the future, and the country's sources of innovation eventually boil down to *people*. People are the most important resource, and I believe that it's essential for every organization to explore how to attract, maintain, and promote human capital.

GSAM We understand that support from the Abe administration played a major role in the promotion of Womenomics. Can the positive trend continue under the Suga administration? What do you think is required to continue to promote diversity at the management level going forward?

Kathy As a chief cabinet secretary, Prime Minister Suga provided full support to promoting women's participation and advancement in the workplace and Womenomics, and I expect he will continue to do so. However, the first thing I want him to do is to clarify why the government failed to achieve its targets by 2020 and had to postpone them to 2030, and to identify specific obstacles by presenting a clear roadmap to achieving the next goal. I also want them to go into greater depth about their targets and information disclosure. For example, I believe that gender inequality cannot be eliminated unless there is more

disclosure of information related to gender wage gaps.

GSAM What is your advice for companies that want to know how to effectively lead diverse management teams?

Kathy Why is diversity important? If your company performance is always steady you may be an exception, but my understanding is that the performance of largest companies is stagnant at best, and in some cases declining, as many companies are now struggling due to the coronavirus. They can't improve their performance by

continuing to do the same things that they have always been doing. Introducing diversity inevitably entails friction. "Diversity" is not limited to gender diversity. The most important type of diversity is cognitive diversity. If different opinions of people from different backgrounds are reflected in decision-making processes, innovations and new ideas are sure to result from that friction. Of course, there may be failures, but one can learn many things from failures. We need to communicate that diversity is not optional; rather, it is essential for our survival.

出典：GSAM

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