

Japanese Women in International Management

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For Japanese women the local labor market does not provide satisfying career opportunities. An increasing number of Japanese women work for *gaishikei* (foreign corporate affiliates) in Japan. As *gaishikei* become more attractive to male job seekers too, Japanese women may lose this last opportunity to build successful careers.

Japanese Labor Market Highly Gendered

The Japanese economy, as much as it is in need of well-educated and motivated labor, has not yet managed to integrate Japanese women successfully into its workforce. The Japanese labor market is still highly gendered, due to a number of factors limiting the career opportunities for Japanese women in their own country.

First of all, the Japanese ideal of a successful life is still quite traditional. For a man this means becoming a *salaryman* and for a woman a fulltime housewife and mother. This ideal is not a Japanese tradition since it only developed in the late Taisho era (1912-26), but it still dominates the minds of many Japanese decision makers.

However, this ideal no longer appeals to many Japanese women. The number of Japanese women aiming for higher education is rising and their families are taking high financial risks to help them do so. A similar development could be observed in many Western countries about 20 years ago. But unlike in the West, where women were increasingly integrated into the workforce, the Japanese labor market did not cherish the professional interests of its female candidates. Even if they have excellent education and enter companies to start careers, career opportunities for Japanese women are limited, at least in most Japanese firms. At the same time, we hardly spend a week here in Japan without being warned by Japanese media that the country will face a serious labor shortage in the near future.

Reasons for Gender Division

The gender division of the Japanese economy is supported by some structural factors within Japanese companies. The strong differentiation between men and women is supported by a system in which new hires are divided into two groups when entering a firm. *Ippanshoku* or the administrative track and *sôgôshoku* or the managerial track essentially decide the career the applicant is going to have within the company. The *ippanshoku* track was mainly reserved for women and the managerial track for men. Once in the *ippanshoku* track, a woman cannot become a manager and is expected to stay in a support role. Men in the managerial track, however, are allowed to climb up the organizational hierarchy and build successful careers.

Next to these company traditions there are a number of other issues which make careers for Japanese women difficult. There is still a wage gap between male and female employees, and working hours are long, making it very difficult to maintain a career for women with families. The Japanese tax system also hinders women's careers because it provides tax exemptions for married women who earn less than 1.3 million yen per year.

Consequences for Japanese Society & Economy

The gender division within the Japanese labor market has very negative consequences for the Japanese economy. First of all, about half of educated Japanese are not fully integrated into the labor market and the number of women in part-time positions is extraordinarily high in Japan.

But not only are human resources wasted. Education is very expensive in Japan; families usually spend a fortune to educate their girls. All these efforts, however, often do not allow young women to live a financially independent life.

Another effect is – quite unexpectedly – the low birthrate. Despite the strict distinction between motherhood and work life, the Japanese birthrate is one of the lowest in the world. Studies have shown that in countries where female participation in the labor market is high and supported by the government, the fertility rate is high as well.

However, there have been only half-hearted attempts to improve the situation by the Japanese government. The Equal Employment Opportunity Law, which was enacted in 1985, is supposed to support equal career opportunities for women, but so far the law has shown little effect. It still allows Japanese companies wide interpretations and does not guarantee equal opportunities for men and women within them. At the same time traditional roles as mother and fulltime housewife become less and less attractive to young Japanese women.

Working in Foreign Firms Often Only Career Chance

So at the beginning of the 21st century a young Japanese woman, even if well educated and ambitious, has little chance to build a successful career in her home country, one of the richest economies in the world. She may be able to enter a prestigious firm, but often she

does not get the chance to climb up the corporate ladder, nor to have a family at the same time. For many women, these conditions leave only one option – to work in a foreign company in Japan.

Western firms, or *gaishikei*, especially firms which do not have a widely recognized brand name, face a dilemma in hiring qualified employees in Japan. Male university graduates strive for jobs in big Japanese firms, where they will be trained by them and have a life-time-secured job. They can only be recruited with great difficulties. So *gaishikei* only have the choice between Japanese males who cannot or do not want to enter a prestigious Japanese firm or female applicants who cannot enter them because of the prejudice and historically grown barriers described above. This competition is usually won by the qualified females and *gaishikei* are well-known for hiring more women in Japan than even they would in their home countries.

In an interview series with foreign managers in Japan, which I conducted three years ago, two out of 10 managers said they only hire women in Japan. Many foreign companies in Japan have recognized the potential of female employees in Japan and in many cases Japanese women are a majority in a local subsidiary.

Opportunities & Challenges in *Gaishikei*

So are foreign companies in Japan the solution to the discrimination of Japanese women in their own country? In some ways, yes. Working in a foreign environment in Japan provides many opportunities for Japanese women. The main advantage is that Western firms cherish the international education these young women have invested in for so many years. They hire employees for their skills. Also, Western firms provide achievement-based promotion and salaries. Working conditions differ from Japanese firms and are often based on home-country labor laws. This also allows Japanese women to combine motherhood and careers.

But working in a Western work environment is also accompanied by challenges. In the *gaishikei*, Japanese women confront cross-cultural challenges. Many Japanese women find cooperation with their Western colleagues difficult and stressful. They often work for Western males who have little knowledge and experience in the Japanese market. Cross-cultural conflicts are very common.

Nor is working for a Western firm always a guarantee for a successful career. In many cases, jobs in a Western firm resemble *ippanshoku* track positions in a Japanese firm. Hardly any *gaishikei* is manufacturing products in Japan. Foreign subsidiaries in Japan are often sales units and because of this not very big. The small number of employees makes careers in *gaishikei* very difficult.

Working in a foreign firm can therefore not be regarded a solution to the overall problems of gender discrimination.

On top of this, the position of Japanese women in *gaishikei* is being challenged by the economic crisis that we face at the moment. Japanese men are increasingly interested in careers in foreign firms. Over the past years the number of *tenshoku* or changing jobs has been increasing and there are fewer social consequences from changing jobs. Today's economic crisis is putting even more pressure on job seekers and even if lifetime employment in a traditional Japanese company might be preferred by well-educated Japanese men, jobs in foreign companies are becoming increasingly attractive. This gives foreign firms in Japan a wider choice of possible recruits. Accordingly, even competing for *gaishikei* jobs will become more difficult for Japanese women.

Beyond *Gaishikei* Career – When Will There Be Gender Equality in Japanese Firms?

Until now, Western firms often provide the only chance to build a successful career for Japanese women because the Japanese economy, even though it is facing a serious labor shortage in the near future, has not managed to integrate women successfully into its labor market.

But as the recession continues, even this opportunity may vanish for Japanese women. *Gaishikei* are becoming increasingly popular among Japanese job seekers as well and will not provide as many career opportunities for Japanese women as before. This means that the number of well-educated women in Japan is increasing, but at the same time job opportunities are decreasing. Combining a family and a successful career is becoming even more difficult for Japanese women.

Some Japanese companies have realized this also and are starting to change their traditional ways. Providing day-care facilities for women, flex-time and even the abolition of the *ippanshoku* track are small signs of improvement. As these practices become more popular, we can only hope that the Japanese government and society will also start to recognize the potential of their female citizens and finally provide conditions to allow them to have happy professional and private lives. **JS**

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