I. Introduction

The female labor participation ratio in Japan over the past 20 years (considering both full-time and part-time labor) shows an M-shaped curve, indicating that women leave the labor force when they get married or give birth and stay out of the workforce due to the resultant childcare needs. However, female participation in the labor force has recently increased after the Japanese Government implemented the Equal Employment Opportunity Law (the basic law for a gender-equal society) in 1985.

Research strongly suggests that it is beneficial for women to expand their opportunities to work and create diversity in the labor market; however, there remain many “subliminal” issues yet to be resolved. For example, statistics indicate that women’s salaries are lower than men’s, and women’s training opportunities are fewer than those for men. “Off-JT” (training at training facilities) for women, for example, is lower than that of men. Training for both genders should be equal; however, in reality, it is not. Thus, it is imperative for companies to implement affirmative action policies, or some other forms of positive action to favor those who tend to suffer from discrimination, especially in the workplace (Yamaguchi, 2011).

This paper focuses on the differentiation of the labor market for women, and the companies that implement gender-equality strategies.

In this paper, we first review existing studies of the labor market and working women. Second, we analyze the facts and figures, especially focusing on the M-shaped curve. Third, we consider case studies, based on published books, papers and reports, in which existing companies adopt gender-equality strategies. Then, we analyze a few examples from the perspective of the labor market. Finally, we conclude the paper with a synopsis of the data and the results of the study.
II. Reviews

It was Kerr (1954) who first pointed out the existence of two types of labor markets in economics: the internal labor market and the external labor market. Doeringer and Piore (1971) followed Kerr’s research achievements by developing the labor economics theory. This theory presents the concept of “dualism,” which consists of small- and medium-sized firms that constitute the external labor market and large-sized firms that form the internal labor market. An employee who is in the internal labor market is guaranteed longer-term employment, higher wages, and more promotions than those in the external labor market. On the other hand, the external labor market, as a buffer for uncertainty in the market, drastically influences economic change. It is easy for workers to move from internal to external labor markets; however, it is very difficult for them to move from external to internal labor markets. A huge and discontinuous wall stands before workers seeking to move from external to internal labor markets. This is called the “port of entry” (Kerr, 1954).

Recently, a number of papers have argued that the labor market is not divided into two types but has become diverse (Takeishi, 2006; Hirano, 2010; Morishima, 2011; Asano, Ito, and Kawaguchi, 2011; Tsuru, 2011).

Hirano (2010) insists that labor markets are divided into three layers: “internal labor market,” “external labor market,” and “intermediate labor market.” The “intermediate labor market” is a hybrid, encompassing principles of both the external labor market and the internal labor organization. Laborers working in this market have fixed-term or part-time contracts. More relevant to the internal market is the relation-specific investment from laborers (Williamson, 1985). The longer the non-regular employees work, the more skill and work experience they acquire, and the higher the productivity for the company. The longer their careers, the more time and money invested by the company for their training. Continuing the relationship involves incurring costs to each other. These costs are called “relation-specific investment.” It means that the companies increase the degree of task uncertainty and relation-specific investment. In this case, it is necessary for managers that employment patterns should be shifted from fixed-term or part-time contracts to non-fixed term ones. Hirano (2010) points out that we should discuss labor in each layer with qualitative research.

Previous studies pointed out that non-regular employment increased in the Japanese labor market (Asano, Ito, and Kawaguchi, 2011; Tsuru, 2011) in the last two decades. The ratio of non-regular employment was 17% in 1986, but the rate increased to 34% in 2008 (Asano et al.: 2011), which means that the rate of the external labor market has expanded in the last two decades. Asano, Ito, and Kawaguchi (2011) found the following reasons for the increasing non-regular employment.

The first reason is the changed industrial structure. The wholesale, retail, restaurant, and other service sectors now hire more employees than in the past. This type of business involves a great difference between busy and quiet times. This is the reason these sectors hire employees as non-regular employees.

The second reason is the uncertainty of product demand. The business environment has changed drastically in the short term, directly affecting the company. In this situation, the company considers its non-regular employees as a buffer.

The third reason is the introduction of
information and communication technology. With the standardization of duties in the company, the specificity of human capital and productivity decreases.

These three reasons explained a 60% increase in non-regular employment. To these can be added the supply-side factors and the legal system. With regard to the former, female labor participants increased, and working women requested more flexible schedules. As a result of the latter, it was difficult to discharge regular employees with non-fixed-term contracts, and the company hired non-regular employment as a “buffer.”

In fact, a 2010 white paper on gender equality shows that the ratio of non-regular workers is higher than that of male workers. This can be interpreted in two ways. First, working women requested more flexible schedules (Asano at el., 2011). Second, a company tended to realize that women’s working period in a company is shorter than that of men, so it did not try to appoint and/or promote women (Takeishi, 2006; Tachibanaki ed., 2005; Yamaguchi, 2010, 2011). This is directly linked to the situation in which women leave the labor market at an early stage.

Although equal opportunities should be given to men and women, this is not the case. Because of statistical discrimination, since women’s working period may be shortened, companies sometimes do not invest in women’s training and tend to neglect women’s appointments and promotions (Yamaguchi 2011).

To break through such a situation, Yamaguchi (2011) strongly suggests companies take positive action (or affirmative action). The concrete measures are as follows: First, reduce the trend of women quitting a job when they get married, when they have children, and when they care for the children. Second, maintain women employee candidates in the company’s managerial strata.

As for companies, it is important that they systematically work on the promotion of the work-life balance of employees, including childbirth and child and family health-care support. Additionally, the purpose of promoting work-life balance is not to advance welfare but to produce a dedicated, talented workforce (Yamaguchi, 2011).

Takeishi (2006) maintains that fixed-term or part-time contracts increased the opportunities for women to work, and the company should pay more attention to different ways of working. There is usually a pay gap between fixed-term or part-time contracts and non-fixed term contracts, which must be corrected with a qualification and grading system. These studies suggest that we recognize the variety and choices of the working styles of women. It might be one of the keys to coping with three coexisting labor markets: internal, intermediate, and external.

To continue the discussions, it may be helpful to begin with a consideration of the facts and figures relating to working women’s ratio by age group. Through case studies, we would like to identify measures that a company needs to adopt in order to cope with the workforce.

### III. Facts and Figures

Considering figure 1, which shows the trend of the labor participation ratio for women by age group since 1975, we observe an M-shaped curve. It means that many women decided to work after graduating from high school or university, but they discontinued their work at marriage or childbirth, and for childcare. But we also observe the M-shaped curve had changed over the last 30
years. The first finding is that the M-shaped curve is now shallower than in the past. The second finding is that the bottom of the M-shaped curve has moved from age 25–29 years in 1975 to age 30–34 in 1985 and 1995 to 35–39 in 2010. The third finding is that the second curve was found in age 45–49 years. The fourth finding is that women retired at 50–54 years.

The facts suggest the data can be interpreted in three ways. First, large numbers of women were late getting married, or did not marry; hence, the M-shaped curve moved to a later age range and produced a shallow curve. In this case, even if the M-shaped curve is eliminated, the essential problems that hinder a gender-equal society cannot be resolved.

Another interpretation is that, for some reason, large numbers of women did not quit their job because of marriage, childbirth, and/or childcare. In this case, something happened in the internal labor market. We must seek the cause, because this may hold the clue to resolve the problem impeding a gender-equal society.

The third interpretation is even if they quit their job, they could return to work. In this case as well, we need to find out the cause, because, obviously, the women had exited from the internal labor market once they had a chance and, for some reason, came back to work afterward.

From figure 2, we can determine the rate of married women who work and of those who do not, but the figure does not identify working situation (full-time worker or not); however, we can observe how many married women worked over the last 30 years.

Figure 2 shows that the number of married women having jobs (called “dual-income households” in this figure) gradually increased, surpassing the married women who didn’t have jobs (called “households consisting of an employed husband and a non-working wife” in this figure) in the 1990s. It appears there are two types of married working women. One type does not quit her job for marriage, childbirth, and/or childcare. Working women in the internal labor market belong to this category. The other type includes those who, even if they quit their job, could return to work.
Working women in the external labor market or in the intermediate labor market belong to this class. From this figure, we understand that it is important to create circumstances in which married women can keep their job during marriage, childbirth, and/or childcare or return to work afterward.

Figure 2 Changes in the number of dual-income households

![Graph showing changes in dual-income households](image)


Figure 3 shows employee composition rates of women since 1985. A comparison of figures 3 and 4 reveals the difference between employee composition rates of women and men. The figures indicate the declining proportion of regular staff in the last 25 years for both men and women; the rate of temporary workers for women is much higher than that for men. The ratio of temporary female workers increases from 28.4% in 1985 to 40.3% in 2009 (White paper on gender equality 2011). The increase in the ratio of temporary workers might be one of the reasons that the M-shaped curve is shallower than in the past. Takeishi’s (2006) argument is also defended by this conjecture.

A review of the figures involves a comparison between two phases of women’s careers with one of men’s. Working women live through one phase of their career in the internal labor market in spite of marriage, childbirth, and/or childcare, as seen in Figure 2. The other aspect of working women is their second career. They quit their job once for marriage, childbirth, and/or childcare. When they settle down for the time being, they return to work and try to move from the external labor market to the intermediate labor market or to the internal labor market. It means that the community needs to support these two types of working styles to be a gender-equal society.

Next, we consider case studies that support working women and a variety of working styles, not to achieve corporate social responsibility but to utilize talented people to improve a company’s productivity.
Figure 3 Changes in employee composition ratio by employment status, excluding female company executives (in all industries, except agriculture and forestry)

Notes: Figures are from "White Paper on Gender Equality 2011" by Cabinet Office Government of Japan (Raw data are based on the "Special Survey of the Labour Force Survey" and "Labour Force Survey [Detailed Tabulation]" by Ministry of Internal Affairs and Communications.).

Figure 4 Changes in employee composition ratio by employment status, excluding female company executives (in all industries, except agriculture and forestry)

Notes: Figures are from "White Paper on Gender Equality 2011" by Cabinet Office Government of Japan (Raw data are based on the "Special Survey of the Labour Force Survey" and "Labour Force Survey [Detailed Tabulation]" by Ministry of Internal Affairs and Communications.).
IV. Case Study

We take case studies of IBM Japan, Ltd. (hereafter, IBM Japan); SHIMAMURA Co., Ltd. (hereafter, Shimamura); and YAOKO Co., Ltd (hereafter, Yaoko). The example of IBM Japan is a case in support of working women to continue working in the internal labor market, despite marriage, childbirth, and/or childcare. The examples of Shimamura and Yaoko are cases of support of working women who quit their job once for marriage, childbirth, and/or childcare. These descriptions of case studies are based on published books, papers, and reports.

1. IBM Japan

IBM Japan started to support working women in 1998. One of the reasons for doing so was that IBM Japan’s business was declining. Top managers of IBM Japan realized the cause of that situation. Bound by bright success experiments, they could not cope with business environmental change due to monoculture. Then, they started a project called, “Diversity and Inclusion,” which opened the door to minorities. The first idea was to promote the positive utilization of diverse human resources with different senses of values and different cultural backgrounds, based on their race or gender, which heretofore were not given much chance to prove their true potential (Uchinaga, 2005).

When Yukako Uchinaga was general manager of Asia Pacific Technical Operations for IBM Japan, she appointed a leader of the Women’s Council in IBM Japan. The Women’s Council realized that the ratio of women to all employees was 13.6% in IBM Japan and the ratio of women with an administrative post to all managers was only 1.8%. These ratios are the lowest for all of IBM, worldwide. In addition, one of the serious problems was the high rate of women’s resignations. As a result, IBM Japan implemented a five-year program that set numerical goals for the ratio of working women to all employees and for the ratio of women managers to all managers. Ms. Uchinaga established the Japan IBM Women’s Network for networking among working women in IBM Japan to share their workplace-related challenges and difficulties.

Through these programs, they found three themes. The first theme is that working women could not imagine themselves involved in the company’s future, because of a lack of role models. The second theme is to maintain a balance among work, households, and childcare for working women. The third theme is called the “old boy network.” Old boy networks are unique cultural, social, and business relationships common among male workers. Male workers derive a high degree of information through this informal network; however, working women do not have access to such a network (Uchinaga, 2007).

IBM Japan explored these themes, and to rectify these issues, the Women’s Council took such forward-thinking strategic measures as a work-at-home system, holding Women’s Forums for women’s networks, and a system of mentoring. IBM Japan also took measures for working women not only inside IBM but outside IBM, as well. IBM Japan started the Japan Women’s Innovation Network (J-Win) to support the women’s message across the boundaries into other organizations.

The reason for IBM Japan taking these steps is clearly one of the company’s strategic issues. IBM Japan realized that accommodating diversity in the workforce would be of ever-increasing importance (Umeda, 2009) to its company’s bottom line—and working women are considered a minority in
the old boy network. On this point, IBM Japan’s measurement of diversity encompassed a wide range of issues, such as gender, race, religion, physical ability, and sexual orientation to become a “globally integrated enterprise” (Umeda, 2009).

IBM Japan took measures to accommodate working women, such as a system for working at home, the reduction of working hours, and childcare leave. There was a subsidiary effect: some working men gradually adopted these systems (Uchinaga, 2007).

The details and accomplishments of Diversity of IBM Japan, based on our interview, will be reported as the Yoshida Global Center of Excellence (GCOE) project.

2. Shimamura

Shimamura is a well-established multi-brand/fashion Japanese clothing retailer. Ogawa (2011) explains why Shimamura (and Yaoko [a large supermarket chain in Japan]) had developed the business. Ogawa (2011) stated that one of reasons of Shimamura’s success was its focus on the positive utilization of part-time workers, called “middle staff.” Shimamura provides multiple duty forms for staffs, and delegates authority for accomplishments of their tasks. That is why middle staffs continue to be willing to work with a high degree of motivation. Many middle staffs working in Shimamura stores are working in their second career. However, Shimamura provides middle staffs a chance to maintain work-life balance. There is a chance of promotion to a full-time job on regular employment with non-fixed-time contract for middle staff. This type of employment is introduced in Ogawa (2011). Alternatively, they can select a working time similar to part-time jobs. If one is willing to work hard at a second career, Shimamura improves one’s working conditions, such as offering a paid vacation, providing a chance to join an on-the-job study and training program, and paying several allowances, similar to regular employment with non-fixed-time contracts.

One of Shimamura’s features is that it produces manuals for working systematically and rationally. These manuals are rewritten day by day, because working women suggest points of “KAIZEN” (a Japanese business philosophy of continuous improvement of working practices and personal efficiency). There is a reward for suggesting a “KAIZEN” point. If the “KAIZEN” point is good, the reward is 500 yen for each idea. If the point is good enough to be added to the manual, the reward is 1,000 yen for each idea. The total number of “KAIZEN” points suggested is about 50,000 every year (Ogawa, 2011). This number is one example of the evidence that working women in Shimamura are willing—and motivated—to work.

If possible, we would further investigate this case as a Yoshida project of the GCOE.

3. Yaoko

Yaoko runs a chain of supermarkets in Japan. The management is adept at adjusting and catering to their customers’ needs and wishes, views customers as the company’s wealth, and makes sure they spend their life happily. To achieve this aim, Yaoko not only sells food materials but also offers recipe and menu books of ingredients during customers’ lunch- and dinnertime and supports customers’ cooking. For example, some employees in the stores give cooking demonstrations for customers; others set the table for customers to stimulate their ideas on the lunch and dinner table, and inspire cooking ideas. These ideas and plans are suggested by part-time working women who are called “partners” or “helpers” in Yaoko. The difference between the two is one of working time during the week. Their motivations are very high.
and produce high performance and results for Yaoko. Ogawa (2011) explained their motivation. Yaoko provided partners and helpers opportunities to practice what they are attempting to do, and offer them time and a budget to practice their ideas and conduct cooking classes. Yaoko maintains profit and loss statements for each of their stores, and if their sales and profits exceeded 4% in an accounting period, partners and helpers were paid a bonus as a settlement of accounts. In addition, Yaoko holds a competition called the “Festival of Impressions and Smiles,” which is a chance for partners and helpers to make a presentation of their activities and demonstrate how they are improving their performance. Yaoko provides a prize for bright ideas and offers the winner an invitation for a world tour (Ogawa, 2011). This is also another opportunity for the partners and helpers to maintain high motivation levels.

In these cases, Yaoko provides multiple duty forms for partners and helpers, and delegates authority to accomplish tasks, just as Shimamura does. That is why partners and helpers are willing to continue to work and maintain a high motivation level. A number of partners and helpers in Yaoko’s store are working in their second careers. However, Yaoko provides partners and helpers a chance to maintain work-life balance. There is a chance of promotion to a full-time job on regular employment with non-fixed-time contract for partners and helpers. Alternatively, they can select the working time, as with part-time jobs. If one is willing to work hard at a second career, Yaoko improves one’s working conditions, such as offering a paid vacation, providing a chance to join an on-the-job study and training program, and paying several allowances similar to regular employment with non-fixed-time contract.

If possible, we would investigate this case further as a Yoshida project of the GCOE.

V. Analysis of the Case Studies

From the case studies, we can confirm that there are merits for the company to appoint and promote working women, whether they have regular employment with a non-fixed-time contract or non-regular employment with a fixed-time contract. It is important that the company support programs for providing assistance to women in the workplace. Uchinaga (2005) pointed out that women had many choices of their own; however, at times their choices might produce negative results. Being irresolute among their choices, women’s decisions might be delayed, causing risk and uncertainty for the company. That is why women have to expeditiously decide what they would choose at an early stage in the decision-making process—for the company, as well as for themselves. Once they decide to have a career, they must demonstrate strength in order to appropriately forge ahead (Uchinaga, 2005).

In the cases analyzed we have seen that while one woman decided to stay in the labor market, others decided to exit from the market. It follows that women decide either to stay in the internal labor market or leave it in their early career. However, women who still had a chance to come back have decided to leave the internal labor market. In this case, they start working in the external labor market; then, if they make a good mark, they have a chance to enter the intermediate labor market or re-enter the internal labor market, as the Shimamura and Yaoko cases show. It is time to accept various way of working.

The case of IBM Japan is an example of working women deciding to stay in the internal
labor market in spite of marriage, childbirth, and/or childcare. From the case of IBM Japan, we confirm that the measures to support working women are not intended as a welfare program but for the utility of human resources, as Yamaguchi (2011) says. The company has expended much money and time for hiring employees and training them. It is generally said that it takes about five years to recoup the amount of money invested for hiring and training human resources. Working women are not unique in this instance. It means that the company has made human asset-specific investments in human resources (Williamson, 1985), while men and women working at IBM Japan have made dedicated asset-specific investment in IBM Japan (Williamson 1985). Both investments would be useless if employees in IBM Japan resign their office. There is an equilibrium at the company as long as it takes measures to keep working for human resources, such as a system for working at home, reduction of working hours, a system of days off, childcare leave, and so on, and human resources use these measures to attain high performance of the job in return.

The case of IBM Japan is a salient example in that the measurement of achieving a gender-affirmative society, such as a working-at-home system and a reduction of working hours, is positive not only for working women but also for working men in their pursuit of work-life balance.

The cases of Shimamura and Yaoko are examples of working women once deciding to suspend their career for marriage, childbirth, and/or childcare, but ultimately returning to the external labor market. From the Shimamura and Yaoko cases, we confirm that there are workers who had once suspended their careers. In these case, the barrier of entering the external market was set low, and the person had the ability and talents to be selected and promoted to an appropriate position in the intermediate labor market or internal labor market. As the cases of Shimamura and Yaoko indicate, it is important to take measures with non-regular employees to induce them to work, such as empowerment, giving time off, and a budget for performing their duties and paying allowances, similar to regular employment.

We saw cases that accepted various ways of working. There is one strong, pervasive message that the measurement for retaining women in the workplace is not the welfare system but the utility of a company’s human resources. These human resource measures (system for working at home, reducing work hours, offering time off, and implementing childcare opportunities) were first established to induce women to continue to work; the measures were also offered to, and gradually used by, working men. It means that working men and women who use these measures are attaining high job performance in return. In this context, appointing and promoting working women is a viable strategy for a company to survive keen competition.

Porter (2011) mentioned the importance of changing one’s mind to survive this environment, and the emergence of promising elements of a new model. The new model lies in the principle of “Creating Shared Value,” not the principle of “Corporate Social Responsibility.” The principle of Creating Shared Value involves not only creating economic value for the company but also creating value for the society. This is the new way to achieve economic success and to drive the next
wave of innovation and productivity growth in the global economy (Porter, 2011). Porter (2011) gave us a very important message: the company takes measures not as a duty, but as a chance. This model’s basic concept is the same as the topic of seeking gender equality and “diversity and inclusion”. The companies that support and implement such a practice will succeed. Is this statement true or not? This topic will be followed by a report of the Yoshida project of the GCOE.

References

Notes
1 The description of the case study of IBM Japan is based on Uchinaga (2005, 2007) and Umeda (2009). The description of the case studies of Shimamura and Yaoko are based on Ogawa (2011).
2 Uchinaga (2007) said that half of those engaged in a system of working at home are working men.