

McKinsey Japan

Mobilizing women to step up as leaders in Japan

What can organizations do to help talented women step up into leadership positions? In this report, we outline the actions that companies can take to support the advancement of women in Japan.

This article was a collaborative effort by Miho Higuchi, Maya Horii, Megumi Inoue, Miki Sogi, and Naomi Yamakawa.



In Japan, the share of women in management roles is just 15 percent, which is below the global average and far from the 30 percent target set by the Japanese government. It is recognized in Japan that women tend to be less motivated than men to seek promotion, but oft-cited reasons for this gap, such as the difficulty of balancing work and family obligations and a lack of confidence, dodge a critical question: What can organizations do to help talented women step up?

In this report, we propose a number of actions that companies can take to support the advancement of women, based on findings from a survey conducted by McKinsey.

Promoting gender awareness and diversity is critical to the growth of the Japanese economy and individual companies

The notion that women advancing to become leaders in society is not only ideal from the perspective of women's rights but also beneficial in terms of economic and individual company growth has become mainstream in the past 20 years. McKinsey first asserted this idea in its 2007 *Women Matter* report, which established a high correlation between the ratio of female-to-male leaders and corporate performance.¹ Following the report, McKinsey conducted similar analyses by region and industry, which demonstrated that this correlation held true almost without exception. More recently, as revealed in McKinsey's 2020 *Diversity Wins* report, companies in the top quartile of their industry on gender diversity were more likely to have above-average financial performance by nine percentage points over their bottom-quartile peers.² This finding followed analysis that McKinsey conducted in 2018, which estimated that the economic impact of achieving greater gender diversity through actions—such as increasing the share of working women, increasing women's working hours, and closing the wage gap—could boost GDP by 6 percent.³

"Womanomics," a term encapsulating the notion that women's advancement in society is a critical lever for economic growth, first entered the Japanese lexicon in 1999 and was followed by an announced government goal, dubbed "202030," of increasing the share of women in leadership positions to 30 percent by 2020. The Act on Promotion of Women's Participation and Advancement in the Workplace took effect in 2016 in an effort by the Japanese government to promote a "society in which all women shine."

As of 2020, however, Japan remains far from achieving the 30 percent target. In 2019, the World Economic Forum's gender-equality index ranked Japan 121 out of 153 countries, the lowest the country had ever been ranked and the lowest among developed nations. In September 2020, Japan's government announced that it would push back the target date to achieve the 202030 goal by ten years, to 2030. The stagnation in the share of women in leadership roles, despite improvements in corporate policies and programs such as employee benefits, has prompted discussions on the need to increase women's motivation to be promoted alongside more robust approaches to developing women leaders.

Japan still lags behind the global average in share of women in management roles

Research findings from 2013 to 2019 show that the proportion of women in Japan's workforce has held steady at more than 40 percent, surpassing the global average (Exhibit 1).

However, the proportion of women in management roles is a mere 15 percent, falling significantly below the global average of 23 percent (Exhibit 1).⁴ This already-small share shrinks even further as you go up the corporate ladder: 19 percent for managers, 11 percent for senior managers, and 7 percent for vice presidents.⁵

¹ Pascal Baumgarten, Georges Desvaux, and Sandrine Devillard-Hoellinger, *Women matter: Gender diversity, a corporate performance driver*, October 1, 2007, McKinsey.com.

² Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince, *Diversity wins: How inclusion matters*, May 19, 2020, McKinsey.com.

³ Jonathan Woetzel, Anu Madgavkar, Kevin Sneader, Oliver Tonby, Diaan-Yi Lin, John Lydon, Sha Sha, Mekala Krishnan, Kweilin Ellingrud, and Michael Gubieski, *The power of parity: Advancing women's equality in Asia-Pacific*, April 23, 2018, McKinsey.com.

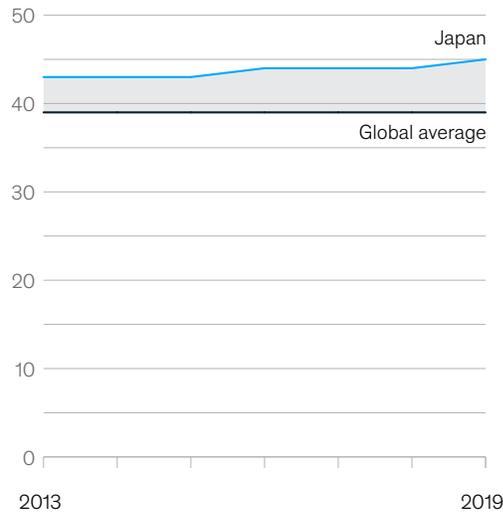
⁴ *Women in business and management: The business case for change*, International Labour Organization, May 2019, ilo.org.

⁵ Minister's message on International Women's Day, Gender Equality Bureau Office, March 8, 2021, gender.go.jp.

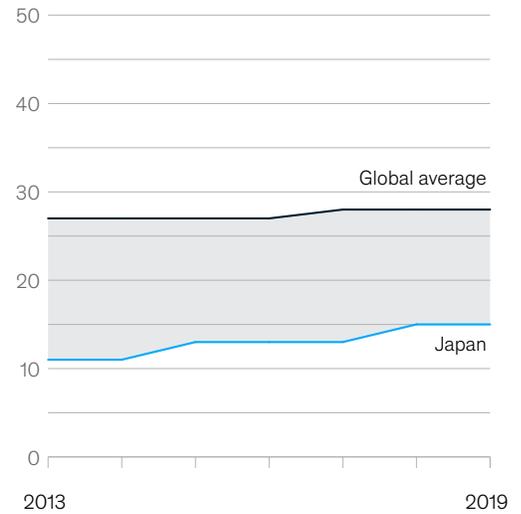
Exhibit 1

Although ahead in female representation in the general workforce, Japan still lags behind the global average in share of women in management roles.

Female workers in general workforce, %



Female workers in management, %



Source: ILOSTAT; Gender Equality Bureau Cabinet Office, Japan

For this report, McKinsey Japan conducted an online survey in July 2020 with 2,000 men and women in the workforce aged 22 to 59 to identify and analyze the barriers to women’s advancement as leaders. Following the survey, McKinsey brought together 30 women executives in Japan to discuss how intangible aspects like talent development, communication, and women’s mindsets could be improved, along with tangible aspects such as employee benefits and other company support.

Less women than men sought promotion, with work–life balance cited as the primary concern

A lack of benefits, such as childcare leave and remote work, is often cited as a reason for the low proportion of women in management roles. However, government statistics show that companies are already increasing their benefits and support.⁶

According to a survey conducted by the Ministry of Health, Labour and Welfare in 2019, 99 percent of companies with 500 or more employees offer childcare leave. In addition, remote work has been increasing in recent years, with 23 percent of companies with 500 or more employees and 47 percent of those with 1,000 or more employees implementing it.⁷ These numbers have almost certainly grown even further amid the pandemic.

In an online survey McKinsey conducted with people in Japan’s labor force, 70 percent of respondents reported having used career-supporting policies and programs offered by their company, such as childcare leave and remote work, with 90 percent either “somewhat satisfied,” “satisfied,” or “very satisfied” with the benefits offered.

⁶ “Basic survey on equal employment: Summary of results,” Ministry of Health, Labour and Welfare, mhlw.go.jp.

⁷ *Information and communications in Japan: White paper 2019*, Ministry of Public Management, Home Affairs, Posts and Telecommunications, Information & Communication Statistics Database, soumu.go.jp.

Further, approximately 60 percent responded that they have a “sponsor” who supports their career and provides new opportunities, with little gap between men and women.

As Exhibit 2 reveals, there is little gap between working men and women in terms of their view of career-supporting policies and programs. As such, it is difficult to assert that a lack of company support is a major reason for the share of women leaders to remain low.

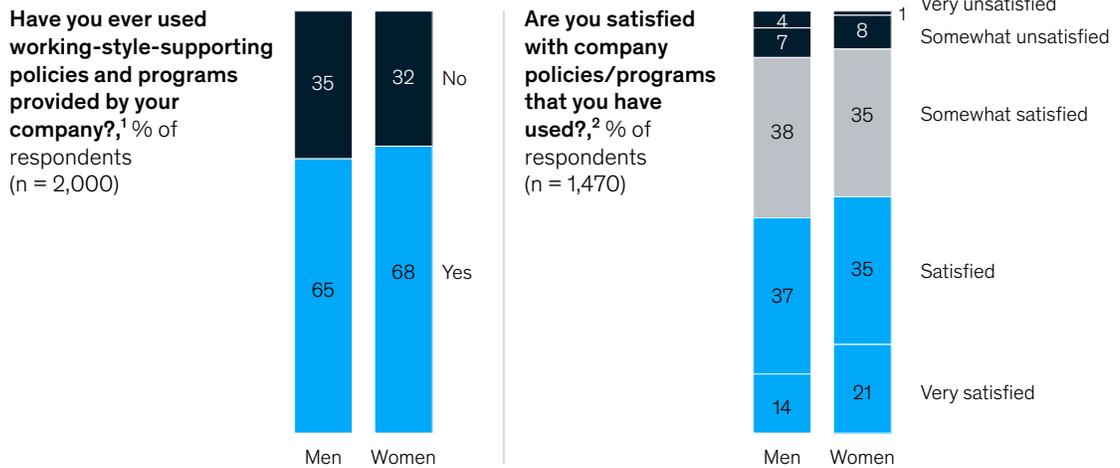
If a lack of employer support is not the cause of the low ratio of women to men in management roles, then what is? The online survey findings point to a difference in intention to seek promotion. When asked if they wanted to be promoted, the percentage of women who responded “yes” was 12 points lower than for men.

In another question, the percentage of women who felt that their gender made it harder for them to get a raise, a promotion, or a chance to get ahead was 13 points higher than for men (Exhibit 3). The survey findings also showed that the lower their current position in the workplace (either “entry level” or “manager”), the larger the gap in career-advancement goals between men and women (Exhibit 4).

A widely recognized cause for the gap in career-advancement goals is a difference in self-assessment or confidence. According to a 2019 study by the US National Economic Research Institute, for example, women tend to assess their performance 15 percent lower, on average, than men, affecting their chances for promotion and salary increase.

Exhibit 2

There is little gap between working men and women in terms of their view of career-supporting policies and programs.



¹Question: Please select all working-style-supporting policies and programs provided by your company that you have used (multiple responses allowed).
²Question: How satisfied are you with the policies and programs you have used?
 Source: 2020 McKinsey Workers' Online Survey

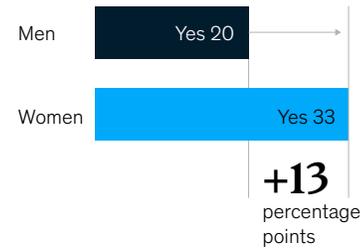
Exhibit 3

Less women than men sought promotion, with 33 percent believing that their gender made it harder for them to get ahead.

Would you like to be promoted to the next level?,¹ % of respondents (n = 2,000)



Do you feel that gender is a hurdle for future promotion?,² % of respondents (n = 2,000)

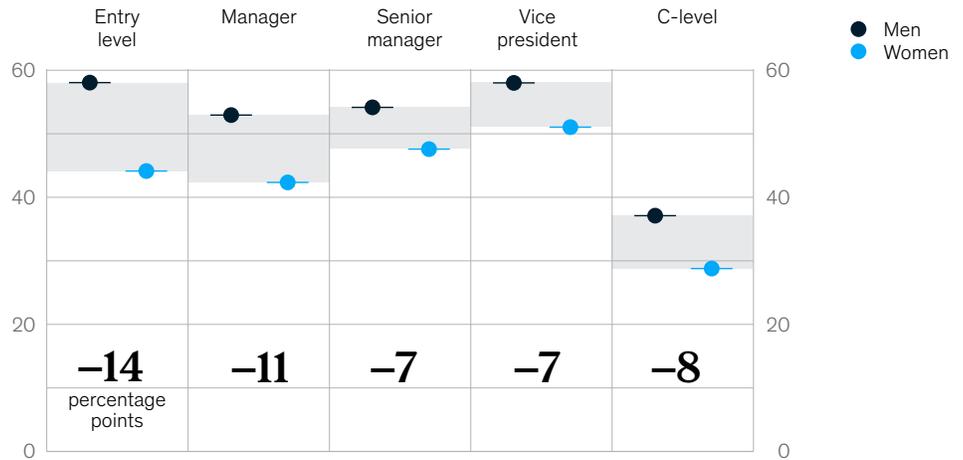


¹Question: Would you like to be promoted to the next level? Please assume that you will stay with your company even if you are considering switching jobs.
²Question: Going forward, do you think your gender will make it harder or easier for you to get a raise, promotion, or a chance to seize new opportunities?
 Source: 2020 McKinsey Workers' Online Survey

Exhibit 4

The lower their current position in the workplace, the larger the gap in career-advancement goals between men and women.

Would you like to be promoted to the next level?,¹ % of respondents (n = 2,000)



¹Question: Would you like to be promoted to next level at your current organization. Multiple answers allowed.
 Source: 2020 McKinsey Workers' Online Survey

However, an analysis of the results of the McKinsey survey found that confidence cannot be cited as the definitive cause of the difference in career-advancement goals. For both men and women, the top five reasons for not wanting to be promoted were the same: “Do not want to take the responsibility that comes with promotion,” “Will not be able to manage work–life balance,” “Am not interested in management,” “Salary and compensation will not change much,” and “Am not confident in fulfilling the job when promoted.”

When asked about gender-parity challenges in management roles in their workplace, the top response among men was “The pool of women talent is too small to begin with,” followed by “Women are less likely to aspire to be in management.” This second reason was also by far the top response among women (Exhibit 5).

Clearly, men and women alike recognize intention to seek promotion as a significant issue.

In fact, of the top five reasons, only one showed a distinct difference between men and women: “Will not be able to manage work–life balance,” with women citing this reason more than men by 4.3 points (Exhibit 6). This difference in response rate implies that workload balance and mindsets need to change at the household level. This issue is, of course, separate from that of companies and other organizations supporting women’s advancement, but the likely knock-on effect—as women executives with whom McKinsey discussed the survey findings were quick to point out—seems all too obvious: taking on work at the workplaces while also handling household chores and childcare without the support of their husbands is suppressing women’s career-advancement goals.

Exhibit 5

‘The pool of women talent is too small to begin with,’ was the top response among men when asked about gender parity in management roles at work.

Top 3 challenges in achieving gender equality in management roles at your workplace,¹% of respondents

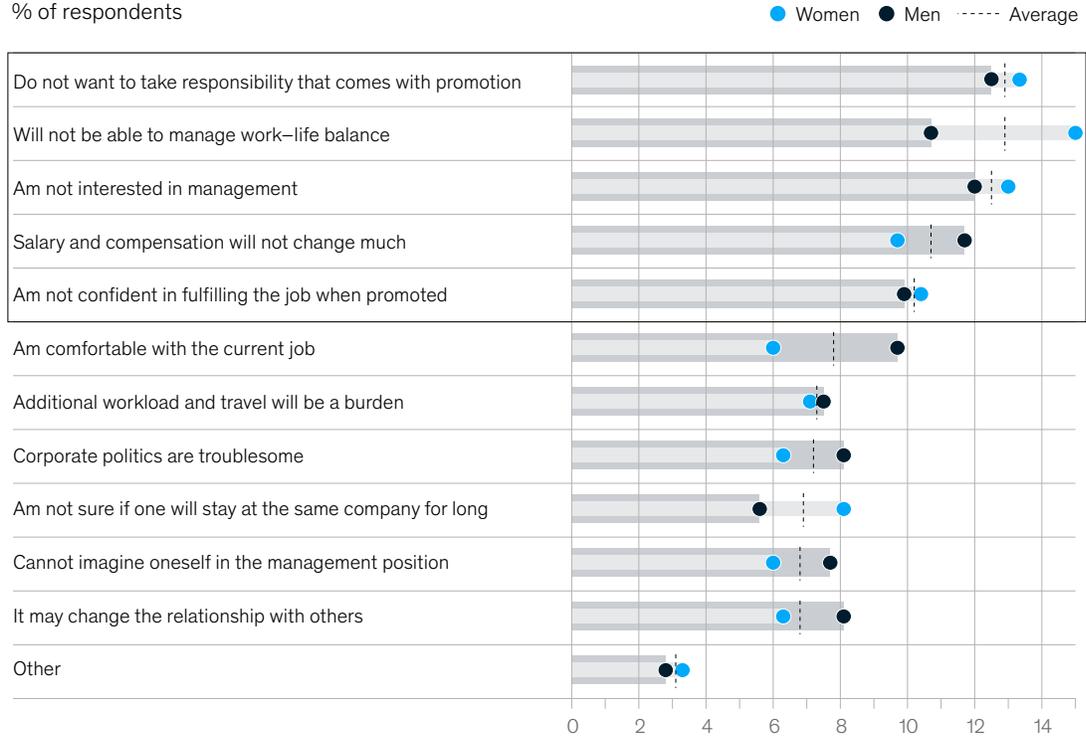


¹Question: Please select top 3 biggest challenges in achieving gender equality in management roles at your workplace. Source: 2020 McKinsey Workers’ Online Survey

Exhibit 6

For both men and women, the top five reasons for not wanting to be promoted were the same.

Top 3 reasons why you do not want to be promoted to next level?,¹
 % of respondents



¹Question: Please select top 3 reasons why you do not want to be promoted to next level.
 Source: 2020 McKinsey Workers' Online Survey

Women need clearer communication and triggers than men to be motivated for promotion: Self-affirmation and growth are key

While the gap between men and women in their reasons for not wanting to be promoted was small, figures show a distinct difference in their attitudes toward promotion. To understand the underlying causes in detail, the survey asked 470 men and women who were promoted to management roles, including managers and vice presidents, what triggered their aspiration to be promoted. The response underscores some key differences.

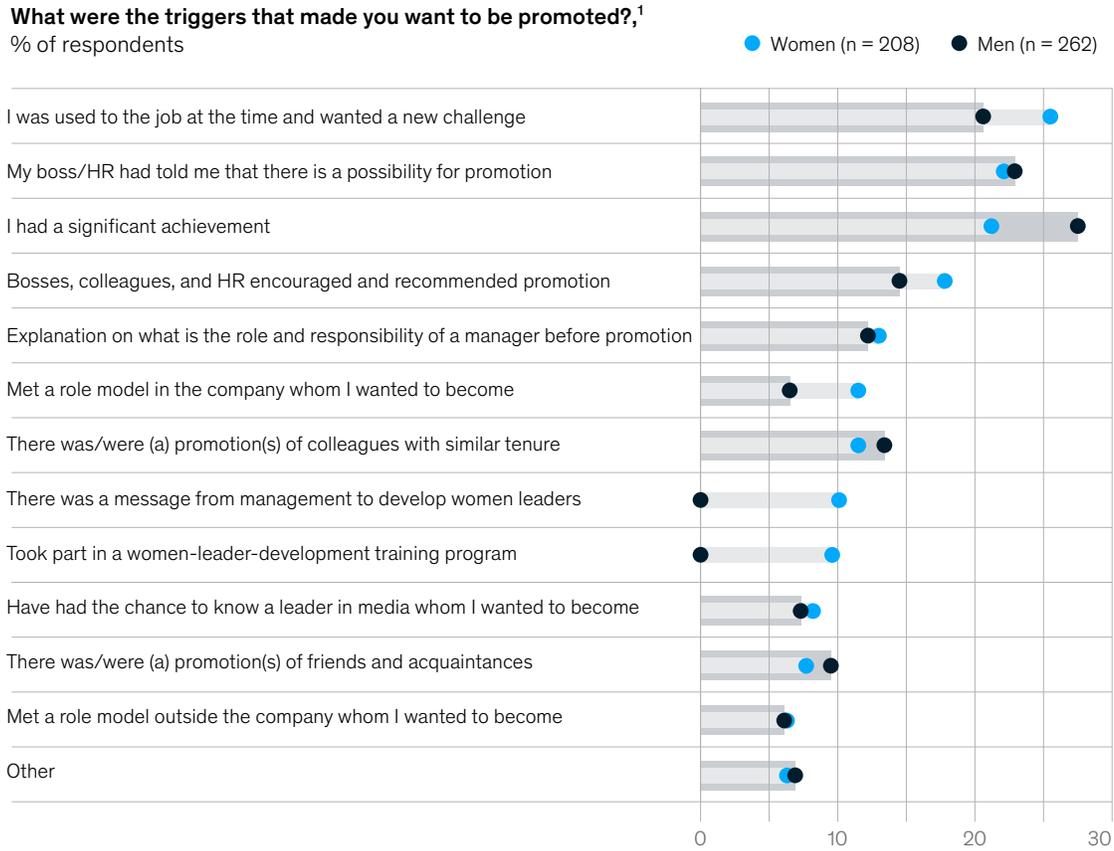
Many of the women responded that the triggers were explicit recognition of their talent and strengths among their supervisors and colleagues, and seeing promotion as a way to challenge themselves to try something new or pursue their aspirations. More men, by contrast, responded that their triggers were financial benefits, social status, and rewards they believed they deserved for the effort invested (Exhibit 7).

Qualitative comments from women referenced words and actions that affirmed their individual strengths and growth opportunities, such as “Senior colleagues and supervisors I admire recognized my talent, and I wanted to live up to their expectations,” “I wanted to test my potential,” and “I found my goal.” Men, however, often selected triggers associated with financial benefits, social status, and their reputation within the company.

Increasingly, companies are taking note of this difference in triggers for intention to seek promotion and are adjusting their approaches accordingly to increase the share of women in management roles. Specifically, coaching and communication training for managers who supervise female employees, along with training for female employees themselves, on goal setting and career planning can directly address the self-affirmation, growth, and other triggers that women find important.

Exhibit 7

The triggers that made women want to be promoted were explicit recognition of their talents and strengths.



¹Question: Please select what has been the trigger of you wishing/wanting to be promoted.
 Source: 2020 McKinsey Workers' Online Survey

IBM Japan, which earned top marks in the Nikkei Womanomics Project survey findings, published in the June 2020 issue of *Nikkei Woman* under the categories “100 best companies for women” and “Women in management,”⁸ is one of the companies that focus on manager training to enhance their female employees’ individual strengths.

In response to the survey results, McKinsey Japan interviewed IBM Japan HR representatives, who described their efforts as follows:

“Detailed investigations found that female employees did have an intent toward promotion, but they needed to be ‘nudged’ through explicit encouragement rather than financial benefits. Male

managers often overlooked this need, so the company focused on developing their understanding of the reasons female employees seemed uninterested in management roles and effective gender-specific communication methods. We then implemented levers that further enhanced their awareness of the difference.”

For example, when women say they are unqualified for a management role, empathizing with them actually has an adverse effect. Instead, managers must clearly explain to each individual why she was chosen so that she can feel as if her talent and skills are recognized. IBM Japan’s manager training includes Q and As and dos and don’ts for those who supervise female employees.

⁸ Nikkei BP press release, “Nikkei WOMAN and Nikkei Womenomics Project carry out Survey on Women’s Utilization of Companies,” May 7, 2020, nikkeibp.co.

In addition to IBM Japan, McKinsey spoke with the HR representative of a talent-management company with a track record of implementing efforts for women's advancement to capture further insights on communication tips for female management candidates: "Preliminary communication about potential promotion tends to take longer with women. Men are generally quick to demonstrate their eagerness to be promoted, while women may require multiple rounds of communication. Supervisors need to understand the difference and must be convinced that increasing the share of women in management roles will improve corporate performance."

Also working to change communication approaches is Japan's Ministry of Economy, Trade and Industry (METI),⁹ which, together with the Tokyo Stock Exchange, annually recognizes companies that are "outstanding in terms of encouraging women's success in the workplace." Companies awarded METI's coveted "Nadeshiko" and "Semi-Nadeshiko" brandings are recognized for framing the promotion of women as growth opportunities through training and other programs for female employees to set their career aspirations and their plans for achieving them, as well as training for their managers. For example, Kyowa Exeo, one of the 46 companies recognized in 2019, provides training to female management candidates and their managers to foster awareness that advancing to a management role is a realistic option for their careers and to help them build the capabilities they will need to be successful.¹⁰ Sekisui Chemical, another company receiving METI recognition, offers a career-development program for female employees and their managers.¹¹

Japanese companies must take action to both further next-generation female leaders' promotion goals and to help develop females into leaders

Promoting gender diversity is increasingly important for Japanese companies facing environmental changes caused by the pandemic (see sidebar, "Gender diversity in the era of COVID-19"). In addition to childcare leave and remote work, which many companies have already implemented, companies need to encourage career-advancement goals among women employees and create and implement mechanisms to sustain the changes.

Achieving diversity, especially in management, is a major transformational shift with direct, positive impact to corporate performance. Important actions distilled from the survey largely follow the influencing model, which encapsulates the four requirements for success in executing corporate transformations recommended by McKinsey:

- **Educate management on the significance of gender diversity.** Top management should repeatedly and clearly communicate to employees that increased diversity, including gender diversity, leads to corporate growth and improved performance.
- **Enhance corporate management.** Management should set realistic yet ambitious quantitative targets for gender diversity and male-to-female ratios in company management, translate the targets into key performance indicators (KPIs) for the smallest organizational units, such as departments, and start monitoring them.

⁹ "Winners of New Diversity Management Selection 100 and Diversity Management Selection 100 Prime in FY2020," Ministry of Economy, Trade and Industry, March 22, 2021, [meti.go.jp](https://www.meti.go.jp).

¹⁰ "Diversity & Inclusion Declaration," Kyowa Exeo, [exeo.co.jp](https://www.exeo.co.jp).

¹¹ "Active participation of diverse human resources," Sekisui Chemical Group, [sekisui.co.jp](https://www.sekisui.co.jp).

Gender diversity in the era of COVID-19

The rapid penetration of remote work brought on by the COVID-19 pandemic has changed the way we work, allowing for greater lifestyle flexibility. At the same time, women's workloads have grown due to blurring boundaries between the workplace and home, putting at risk all the progress made to improve diversity globally for women in the workplace over the past several decades.

According to *Women in the Workplace 2020*, a US-focused report published by McKinsey during the pandemic, remote work and financial anxiety brought on by the pandemic have tended to affect women more than men.¹

Among men and women without children, the percentage of those who considered switching to a less demanding position or leaving the workforce because of the pandemic did not differ much, but among those with children age ten and younger, the percentage was twice as high for women as for men, with women respondents citing the increase in household labor as one of the main reasons.

Japan is thought to be experiencing a similar phenomenon. To address the challenge, companies should take the following actions:

- Actively promote sustainable work approaches.
- Revisit flexible working hours.
- Define evaluation criteria, taking remote work into consideration, and present them to employees.
- Implement initiatives and training to mitigate unconscious bias.
- Enhance and encourage the use of support structures for employees.
- Increase internal communication frequency to clearly communicate business situations and key decisions.

¹ Sarah Coury, Jess Huang, Ankur Kumar, Sara Prince, Alexis Krivkovich, and Lareina Yee, *Women in the Workplace 2020*, September 30, 2020, McKinsey.com.

- **Enhance role models.** Without limiting to corporate officers, highlight current female leaders as role models to present the future aspirational state to earlier tenure employees.
- **Implement training programs to nurture goals toward promotion for women and their managers.**
 - Establish a support network, including sponsorship and mentoring, for women to develop their aspirations and plans for a future role in management.
 - Conduct training that enables women to see promotion as an opportunity for growth and that fosters self-affirmation.
 - For managers who will be mentoring future female leaders, conduct training that focuses on understanding how female employees tend to think and communicate and the specific ways to motivate them

Survey findings show that this last action—ensuring that senior leaders proactively explain to female management candidates that their strengths and personalized reasons for shaping their career—has a tremendous, positive impact on women's career-advancement goals.

It is important to articulate that each candidate has the ability and track record to become a leader. Managers also need to share their experience of promotion as a way to grow and achieve one's aspirations, and avoid the typical organization-oriented reasons, such as "We want to increase the number of women leaders in the company" and "It's time for her to become a manager/vice president." Clearly communicating the selection rationale to management candidates can foster their awareness and help them build the confidence that they can try something new and contribute in a meaningful way as a leader.

In driving conversations with future female leaders, both men and women already in management positions should build medium- to long-term mentor–mentee relationships to provide continuous support. Many of the female executives who joined our post-survey discussion stated that they had resolved to be a leader when they were first promoted because of sustained support from the person who recommended them and their commitment to sharing responsibility. Having received such support, these female executives noted that they, too, encourage high-potential women by continually saying, “you can do it.”

Rather than leaving such conversations up to frontline leaders' judgment and experience, offering training and role-playing on conversations with female team members should be built into a framework for gender diversity. We hope that through these actions, many female management candidates in Japan will come to realize that they have the skills to assume leadership roles, and can, by extension, contribute to Japan's economic and corporate growth on the world stage through their experience and ability.

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