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# Japanese asset managers work to level playing field for female execs

Fund firms are offering flexible work models and paternity leave, but some admit there is still 'a very long way' to go to transform Japan's male-dominated work culture

By Lisa Kim | August 24, 2022

Around 20 years ago in Tokyo, Goya Nakao, the current chief investment officer of Sampo Asset Management, had a moment of realisation after falling short in preparing a pitch for a prospective overseas client.

The global investor had questioned how Nakao and his all-male team of equities investment professionals could have crafted the best strategy on which stocks to invest in without input from women, who make up half of the population.

“This is when I started to strongly believe there was a need to improve the gender balance and diversity within the investment team,” says Nakao, who has been in the finance industry for over three decades.

Nakao's realisation was not a mainstream belief in the early 2000s in Japan, where there are some traditionally rigid gender roles, especially in conservative sectors such as the financial industry.

But Japanese asset managers are now trying to create a more inclusive work environment for female employees and provide a clearer route for them to advance up the corporate ladder into roles they deserve on merit, which can ultimately improve the firm's overall

performance.

Japanese fund houses agree that the flow of diverse opinions is essential for success, for which they say the male-dominated workplace culture needs to change. To do so, firms need to offer flexible work models and family-friendly policies to attract and retain top female talent.

“Our philosophy is that diversity is really the engine of our innovative expertise,” says Daisuke Kono, global head of sustainability at **Nikko Asset Management**.

Earlier this year, Nikko AM named Tokyo-based Stefanie Drews, a German national who moved to Japan in 2014, as its president.

It closely followed **Nomura Asset Management**, which named Junko Nakagawa as its first female CEO in 2019. She left the firm last year to join the **Bank of Japan's** board.

Nikko AM said this month that female employees will make up at least half of its new early-career hires. The ratio of female managers at the fund house stood at just 20% as of April this year, but this was up 2 percentage points from January last year, the firm says.

More widely in Japan, female executives stood for around 12% at Japanese banks and around 15% each at insurance companies and brokers in 2020, according to the 30% Club Japan, a group of company executives that aims to elevate women in the workplace.

Female employees make up around one in 10 investment managers in the country.

Kono says it will take time to close the gender gap in Japan's investment management industry as culture influences the roles that job seekers gravitate toward.

A senior human resources official at a major Japanese asset manager, who wishes to remain anonymous, says the domestic industry is seen as “more volatile than other industries”, partly due to the lingering effect of the 2008 financial crisis, which is a limiting factor when trying to attract more female workers.

The changing landscape of the finance industry due to cryptocurrency and financial technology, and a lack of school education about the industry, are also factors that make it tough to bring diverse talent on board, he says.

“We are not an attractive industry now,” he says.

Policies in Japan to improve gender representation at work have fallen short of inducing substantial changes.

In 2014, late prime minister Shinzo Abe vowed to help Japanese women “shine” in the workplace and in society, increasing public awareness of creating a level playing field and expanding female participation in asset management.

Companies listed in Japan will disclose the percentage of women in high-level roles, the gender pay gap and the ratio of male employees who use paternity leaves in their securities report for the year ending March 2023, according to Japan’s **Financial Services Agency**.

Yet, only two out of 20 ministers were female in Prime Minister Fumio Kishida’s cabinet reshuffle this month.

Internationally, Japan ranked 116th place out of 146 nations in the 2022 World Economic Forum’s Global Gender Gap Index, worsening from 101st a decade ago.

Japanese asset managers are introducing improved benefits in a bid to retain female talent and entice more new female hires out of college.

Sunao Oishi, executive officer in **Sumitomo Mitsui Trust Asset Management's** HR department, says the firm now has paid leave by the hour and a babysitter assistance programme, which provides financial support for employees up until their children reach third grade and sixth grade for children with disabilities.

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“Our staff can choose a lifestyle that fits them by combining these flexible policies with remote work, which was introduced since the spread of the novel coronavirus,” Oishi says.

Sumitomo Mitsui Trust AM has made progress in increasing the ratio of senior-level female employees, which stands at 12% compared with

10% last year and 7% in 2019, the firm says. The asset manager aims to raise that figure to 15% by March next year.

The firm's figures are comparable with around 13% of managerial level roles that were held by women across all Japanese companies last year, according to the Ministry of Internal Affairs and Communications. However, the figure is less than half of that in Europe or the U.S.

Oishi says one set of numbers does not capture the full picture of what is needed to create a level playing field for female employees.

“I think there's a very long way [to go] to achieve this very tough topic” of gender balance, he says.

That first has to be done by creating a sustainable work-life balance and developing a company culture that supports female employees, he adds.

Akane Enatsu, head of the **Nomura** Research Center of Sustainability, says that a lack of role models for younger Japanese women to look up to at work is also part of the problem.

For a fairer environment, female employees have to be able to picture a seat for themselves at the decision-making table, says Machiko Osawa, labour economist and professor emeritus at Japan Women's University.

“Some women choose to leave their companies, even though they want to keep their careers, because they don't see a future” or a lack of opportunities for career advancement, Osawa says.

The added burden of social pressure on women to bear the responsibility of child rearing also pushes women to quit their jobs, Osawa adds.

Some asset managers are celebrating the small victories they see at their firms. Sompo AM's Nakao says it was a proud moment to see one of its female fund managers return to work after two maternity leaves.

Female employees account for seven out of 27 investment professionals on Sompo AM's equities investment team, a notable change from all-male team when Nakao joined the company around two decades ago.

Some Japanese companies are seeking help from recruitment firms to hire female workers and leadership following the revision of Japan's corporate governance code last year, which aims to promote gender diversity in the top ranks.

Miwa Tanaka, co-CEO of Waris, an employment agency that helps connect female talent with employers, says there has been a substantial number of inquiries from companies in the finance and IT industries.

To successfully capture female talent, Tanaka says companies must be more flexible with career-interrupted women and paternity leave.

“Japanese companies tend not to prefer people with breaks in their career,” Tanaka says.

“But we’re faced with a labour shortage and no shortage of career-interrupted women” who are competent and willing to return to work, she adds.



Experts have mixed views about whether Japan's finance and asset management industry can move quickly to put female employees on a level playing field.


“I’m hopeful in a way that the number of female workers will increase” in Japan, Japan Women’s University’s Osawa says.

“But I’m not sure about whether there will be a turning point for women,” she adds.

Enatsu of the Nomura Research Center of Sustainability strikes a more optimistic tone.

She's “quite hopeful” that the Japanese public will gradually “accept the new sense of value” centered on sustainability. This includes gender balance in the workplace as the younger Japanese are more aware of and educated on the topic.

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