An Introduction to Diversity

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Introduction

Human diversity is defined in many different ways, but the greatest common denominator of these definitions can be summarized as "not being constrained by the existing standards of a particular organization, but rather, growing the organization by respecting and accepting diversity based on a wide range of attributes and also by incorporating diverse values and ideas."¹ Typical "attributes" include gender, nationality, race, age, religion, presence or absence of a disability, gender orientation, educational background, and employment status.

The concept of diversity has rapidly permeated Japanese society over the past several years. Underlying this trend is the fact that companies and other organizations have either begun to address diversity voluntarily or have been forced to do so.

This section provides an overview of the process by which the concept of diversity has spread via the actions of companies and other organizations, both in the United States, where the concept originated, and here in Japan. The discussion then introduces the various

^{*} The information on the Internet in this paper was finally found accessible on January 6, 2017.

¹ See the following references for more information. TAKEISHI Emiko, "Strong Organizations through Human Resources Diversity," JFTC Monthly Report (Nihon Boeki-kai Geppo), No. 739, September 2015, p. 13; OSAWA Machiko, "What is Diversity Management?" Labour Research (Rodo Chosa), No. 525, November-December 2013, p. 4; R. Roosevelt Thomas, Jr., Beyond Race and Gender: Unleashing the Power of Your Total Workforce by Managing Diversity, New York: AMACOM Books, 1991, p. 10; KURODA Yukiko and ORIHARA Takashi, "What is Diversity Management?" Business Risk Management, 21(10), October 2006, p. 4; "Document 2: Overview of the Japan Business Federation Diversity Work Rules Study Group Report, Back to Basics: The Diversity Management Orientation" ("Nikkeiren Daibashiti Waku Ruru Kenkyu-kai" Hokokusho no Gaiyo: Gentenkaiki: Daibashiti Manejimento no Hokosei), Ministry of Education, Culture, Sports, Science and Technology website; ARIMURA Sadanori, "Is the Diversity Management and Employment of Disabled Persons Consistent or Not?" The Japanese Journal of Labour Studies (Nihon Rodo Kenkyu Zasshi), No. 646, May 2014, p. 51; HORII Kimiko, "What is Diversity 2: Japanese Companies Adopt the Concept, But Common Purpose is an Issue," New Current of Industry (Sangyo Shincho), 55(6), June 2006, p. 25.

approaches to diversity that are presented in this report.

It should be noted that while the term "companies and other organizations" includes governmental organizations and various categories of public and private enterprises, this report uses the term "companies" when discussing organizations that have introduced diversity as an economic strategy because, as discussed below, they are typically the actors utilizing this strategy.

I Diffusion of the concept of diversity

1 The United States: From affirmative action to diversity management

The concept of diversity originated in the civil rights movement, which spread throughout the United States in the 1950s and 1960s with the goal of ending racial discrimination, and in the actions taken by the federal government in response to this movement. The movement, led by African-Americans seeking both an end to racial discrimination and the enforcement of their rights as guaranteed under the constitution, pushed ² the administration of John Fitzgerald Kennedy to issue Executive Order 10925³ in 1961. This executive order prohibits the federal government and its contractors and subcontractors from discriminating against any employee or applicant for employment because of race, religion, color, or national origin, and requires these entities to take affirmative action to ensure that such discrimination does not occur.⁴

The term "affirmative action" refers to measures taken to compensate and correct for past or current discrimination, and to provide new opportunities for minorities.⁵ In the 1960s, when Executive Order 10925 was issued, white males made up the mainstream of American society, and of business society in particular. On the other hand, the economy was bullish and had the capacity to absorb many types of people. In light of the nation's past, the incorporation of minorities into various organizations via affirmative action was understood as a moral and societal responsibility.⁶ Legal enforcement was viewed as necessary for the achievement of this goal.⁷

In 1964, under the administration of Lyndon Baines Johnson, Title VII of the Civil

² YASUI Michiko, "Notes on a History of Affirmative Action: Three Affirmative Actions in America," *Journal of History for the Public* (Paburikku Histori), Vol. 7, 2010, p. 65.

³ Executive Order 10925 of March 6, 1961.

⁴ Stipulated in the preamble and section 203. YASUI, *op. cit.* (2).

⁵ "<u>Affirmative Action</u>," *Civil Rights 101*, 2001. The Leadership Conference on Civil and Human Rights Website

⁶ "<u>About Affirmative Action, Diversity and Inclusion</u>." American Association for Access, Equity and Diversity Website

⁷ R. Roosevelt Thomas, Jr., "From Affirmative Action to Affirming Diversity," *Harvard Business Review*, 68(2), March-April 1990, p. 107.

Rights Act⁸ was enacted as a federal law prohibiting employers from discriminating on the basis of race, color, religion, sex, or national origin.

This was followed by further laws stipulating affirmative action, including Executive Order 11246⁹ in 1965, Executive Order 11375¹⁰ in 1967, Executive Order 11478¹¹ in 1969, the Rehabilitation Act of 1973,¹² and the Americans with Disabilities Act of 1990.¹³

Executive Order 11246, issued in 1965 under the Johnson administration, prohibits employers, including not only the federal government and its contractors and subcontractors but also federally assisted construction contractors and subcontractors, from discriminating on the basis of race, religion, color, or national origin, and requires them to implement affirmative action. It is said to have established the affirmative action system.¹⁴ However, this executive order did not include sex as a basis for employment discrimination; it was added in 1967 under Executive Order 11375. Executive Order 11478, established in 1969 under the Richard Milhous Nixon administration, prohibits employment discrimination on the basis of disabilities or age, and stresses the responsibility of the head of each executive department and agency to establish and maintain affirmative programs to ensure equality within the organization.¹⁵

Laws addressing the treatment of disabled persons include Executive Order 11478, discussed above, as well as the Rehabilitation Act of 1973, which prohibits employment discrimination by the federal government and its contractors and subcontractors, and the Americans with Disabilities Act of 1990, which extends this prohibition to all businesses above a certain size.¹⁶

Executive orders have been used for the majority of affirmative action laws dealing with employment. Because these orders can be issued without a vote in Congress, their application has been limited to the federal government and its contractors and subcontractors, and such orders have not been used to compel action by all companies.

⁸ Title VII of the Civil Rights Act of 1964, Pub. L. 88-352.

⁹ Executive Order 11246 of September 24, 1965. Johnson administration.

¹⁰ Executive Order 11375 of October 13, 1967. Johnson administration.

¹¹ Executive Order 11478 of August 8, 1969. Nixon administration.

¹² Rehabilitation Act of 1973. Pub. L. 93-112. Nixon administration.

¹³ Americans with Disabilities Act of 1990, Pub. L. 101-336. George Herbert Walker Bush administration.

¹⁴ YAMAKAWA Ryuichi, "Chapter 2: America," in Tokyo Women's Foundation, Affirmative Action Laws Overseas: Employment-Sector Laws and their Application (Shogaikoku no Afuamateibu Akushon Hosei: Saiyo no Bunya ni Miru Hoseido to Sono Unyo Jittai), 1996, p. 45.

¹⁵ Section 2, Executive Order 11478 of August 8, 1969.

¹⁶ NAKAGAWA Jun, "Part 2 Chapter 1: America 1 (1) Overview of Laws Prohibiting Discrimination, Including Discrimination against Persons with Disabilities" in WIP Japan Corporation, *Report on the Comparative Study of International Initiatives to Promote the Participation of Persons with Disabilities in Society* (Shogaisha no Shakai Sanka Suishin ni Kansuru Kokusaihikaku Chosakenkyu: Chosakenkyu Hokokusho) (2008 Cabinet Office Commissioned Report on the Comparative Study of International Initiatives to Promote the Participation of Persons with Disabilities in Society), 2009, pp. 17-24; YAMAKAWA, op. cit. (14).

However, the number of companies that either have or hope to have a contract with the federal government is not insignificant, and these orders have therefore had a large impact.¹⁷ Companies in a wide range of fields established affirmative action plans that included numerical goals, which led to the hiring of minorities.¹⁸ Large companies also began appointing or promoting more minorities to management positions.

While affirmative action became widespread in organizations and began to show results in the 1970s, its limits gradually became apparent. Measures based on legal or other requirements are effective, but they are prone to being reduced to the achievement of numerical targets. Thus, while some minorities found themselves in the limelight, many ended up at the bottom of their organization's hierarchy, even if that organization had a record of affirmative action.¹⁹ Another problem was that minorities of one type (such as women) tended to become the focus of efforts when implementing affirmative action.²⁰ Most importantly, in affirmative action, minorities were expected to conform and assimilate to the existing cultures and values created by white men. For this reason, even when minorities were hired, they could not bring to bear personality traits related to their minority identity. As a result, many lost enthusiasm for their jobs and left their positions.²¹

Meanwhile, significant demographic changes were becoming apparent in the United States in the 1980s. In 1987, the Hudson Institute, an American think tank, published a report entitled *Workforce 2000* stating that, in 1985, minorities comprised over half of the American workforce, and predicting that by the year 2000, white men born in the U.S. would make up just 15% of the workforce.²³ The report also predicted that in the future, the number of low-skilled jobs would decrease and employers would seek workers with more education and skills.²⁴

While the predictions of *Workforce 2000* were perhaps overstated—for example, in 2015 white males (not of Hispanic or Latin American background) made up 34% of the

¹⁷ YAMAKAWA, *ibid.*, p. 43.

¹⁸ Thomas, op. cit. (1), pp. 21, 23; ARIMURA, op. cit. (1), p. 54.

¹⁹ TANIGUCHI Mami, "The Diversity Approach" Work life (Waku Raifu), Vol. 13, 2016, p. 13.

²⁰ Thomas, *op. cit.* (7), p. 108.

²¹ TANIGUCHI, op. cit. (19); TANIGUCHI Mami, "Diversity in Organizations," The Japanese Journal of Labour Studies (Nihon Rodo Kenkyu Zasshi), 50(5), May 2008, p. 72.

²² ARIMURA Sadanori, Studies in Diversity Management: A Survey of U.S.-based Japanese Companies and Japan-based U.S. Companies (Daibashiti Manejimento no Kenkyu: Zaibei Nikkei Kigyo to Zainichi Beikoku Kigyo no Jittai Chosa wo Toshite), Tokyo: Bunshin-do Publishing Corporation, 2007, pp. 29-30.

²³ William B. Johnston et al., Workforce 2000: Work and Workers for the 21st Century, Indianapolis: Hudson Institution, 1987, p. 95.

²⁴ Specifically, the study divides skill rankings into 6 levels and predicts that while in 1985, 40% of jobs required only level 1 or 2 and 24% required levels 4, 5, or 6, in 2000 27% of newly-created jobs would require level 1 or 2 and 41% would require level 4, 5, or 6. *ibid.*, pp. 97-100.

workforce ²⁵ —the white-male-dominated society upon which the introduction of affirmative action had initially been premised was already crumbling by 1985, and the predictions contained in *Workforce 2000* drew significant attention.²⁶ Companies were no longer simply targeting minorities for employment; they actively sought out their abilities. Hiring minorities, in other words, had gone from being a moral and social responsibility to being a matter of life or death for companies.

The urgent practical need to lower attrition rates coupled with changing demographics led organizations to develop approaches that viewed a diverse workforce as a resource for creating value within the company. Instead of assimilating employees with diverse attributes into the majority, these approaches respected diversity itself.²⁷ This respect is a crucial element of diversity.

The management strategy on the part of companies that creates this type of corporate culture is called diversity management. R. Roosevelt Thomas, Jr., who helped popularize diversity management in the early 1990s, defined it as the process of creating an environment in which all employees are able to contribute their full potential.²⁸ In practical terms, this process consists of reviewing and modifying existing organizational cultures and systems.²⁹ This modification of existing cultures and systems is said to be the distinguishing characteristic of diversity management.³⁰

It is worth noting that Japan's Ministry of Economy, Trade and Industry defines diversity management as "a management strategy under which enterprises create innovation and generate value by utilizing a variety of human resources sex, age, nationality, disability, career background, work style, etc. and by providing them with opportunities to exercise their maximum potential." ³¹ This definition stops short of directly alluding to management processes or organizational modification.

2 Japan

Let us now examine the process by which the concept of diversity became popularized within Japan. While the English term "diversity" had long existed in Japan, it was only in the 1980s that it began to be used in reference to people. Uses of the term at that time

²⁵ U.S. Bureau of Labor Statistics, "<u>Labor force characteristics by race and ethnicity, 2015</u>." Report 1062, September 2016.

²⁶ TANIGUCHI Mami, "Interpretations of Diversity," Japan Journal for Research on Household Economics (Kikan Kakei Keizai Kenkyu), No. 111, Summer 2016, p. 14.

²⁷ Thomas, op. cit. (1), pp. 24-25; TANIGUCHI, op. cit. (21), p. 72.

²⁸ *ibid.*, p. 10; ARIMURA, *op. cit.* (1), p. 53.

²⁹ *ibid.*, pp. 55-56, 58-59.

³⁰ *ibid.*, p. 54; TANIGUCHI, *op. cit.* (19).

³¹ Ministry of Economy, Trade and Industry, "New Diversity Management Selection 100 Collection of Best Practices in FY 2017," March 2016, p. 4.

included "the diversity of international society," ³² alluding to wealth disparity; "ethnic diversity," ³³ used to describe India, Canada, and Singapore; and the typical contemporary usage of the term in reference to the inclusion in organizations of individuals with various nationalities and abilities.³⁴

Following the adoption of the Convention on Biological Diversity in 1992, the term "biodiversity" came into widespread use. Biodiversity refers to the fact that individual organisms are able to survive only through interaction with other organisms, and that since the web of life is made up of their direct and indirect interactions, preservation of this diversity should be valued. Some elements of this definition also apply to human diversity. The importance of taking cultural diversity into consideration, when supporting development and building peace, has also come to be widely recognized. In 2001, the UNESCO Universal Declaration on Cultural Diversity was adopted, and at the 2002 World Summit on Sustainable Development, participants stated that in order to achieve sustainable development, it is essential to emphasize cultural diversity.³⁵

While the concept of diversity began drawing attention in the United States in the 1980s, the news media in Japan started using the term to express a similar meaning only in the late 1990s,³⁶ and it was not until the year 2000 that diversity became a topic of widespread discussion. Around that time, Japan's business community focused its attention

³² "British Commonwealth a Microcosmos of the North-South Problem: Economic Disparities Hinder Agreement (Global Trends)," *The Nihon Keizai Shimbun* (Nihon Keizai Shimbun), 1981.10.5.

³³ "Singapore Special Geature: An Urban Nation on the International Stage, Now a Model of Modernization," *The Nihon Keizai Shimbun* (Nihon Keizai Shimbun), 1982.8.9; "Hawaiian Immigrants Celebrate 100th Anniversary of Arrival: Governor Honors First-generation Japanese," *The Asahi Shimbun* (Asahi Shimbun), 1985.1.7.

³⁴ "A Challenge from MIT: Restructured University Competes with Harvard (Report on Cuttingedge Technology)," *Aera* (Aera), 1988.5.24; "Special Feature: A Map of Japan's Rising Tech Powers: Steadily Expanding Think-tanks Second Only to the U.S. and U.S.S.R.," *The Nihon Keizai Shimbun* (Nihon Keizai Shimbun), 1989.1.3; "Human Resources Diversity: National Astronomical Observatory of Japan Director Kozai Yoshihide (Issues for Tomorrow)," *The Nihon Keizai Shimbun* (Nihon Keizai Shimbun), 1989. 4.11, evening edition.

³⁵ For further information on international trends in valuing cultural diversity, see TERAKURA Ken-ichi, "9. Cultural Diversity as a Pillar of Sustainable Society: An International Perspective," in *Toward Establishing a Sustainable Society* (Jizoku Kanona Shakai no Kochiku: Sogo Chosa Hokokusho) (Research Materials 2009-4), Tokyo: National Diet Library, the Research and Legislative Reference Bureau, 2010, pp. 221-237.

³⁶ "Low Pay, Failure to Pay Common Problems for Home Pieceworkers: Legal Regulation and Worker Networking the Key to Improvements (Homes and Lifestyles), *The Nihon Keizai Shimbun* (Nihon Keizai Shimbun) 1997.10.13, evening edition; "IBM's Linda Sanford Preaches Human Resource Diversity to Japan (Focus)," *The Nihon Keizai Shimbun* (Nihon Keizai Shimbun), 1999.3.3, evening edition; "Innovative Initiatives at Tokyo's Foreign-owned Companies: Report at a Private-sector Seminar," *The Mainichi* (Mainichi shimbun), 1998.4.14; "(Local News Section) The Pursuit of Diversity," *The Mainichi* (Mainichi shimbun), 1998.4.15; "Revised Equal Opportunity Act Takes Effect April 1: Expanding Scope of Women's Work Brings Benefits for All (Editorial)," *The Yomiuri Shimbun* (Yomiuri shimbun), 1999.3.30; "(Frontiers in Childcare) Will Companies Change? Masutani Takanao (2) Respecting All Lifestyles (Series)," *The Yomiuri Shimbun*), 1999.11.4.

on diversity from a human resources and labor management perspective, and in 2001, the Japan Business Federation issued a report on the findings of its Diversity Work Rules study group.³⁷ The report defined "Japanese-style diversity" as "strategies that are not limited by existing company or societal standards, but instead incorporate a diversity of attributes (sex, age, nationality, etc.), values, and ideas in order to respond rapidly and flexibly to changes in the business environment and to promote company growth and individual happiness."

The report has been identified as one of the first in Japan to position diversity as "a management strategy that links company growth and employee happiness."³⁸ It triggered wider discussion of diversity as an element of business and human resources management.³⁹

Around the same time, a number of social and economic phenomena were converging to create an environment in which Japan could not afford to ignore diversity.⁴⁰ These included the promotion of policies aimed at increasing female participation in the workforce, the increasing fluidity of employment due to part-time and contract work, the departure of the baby boom generation from the workforce,⁴¹ labor shortages caused by declining birth rates, increasing societal interest in corporate social responsibility (CSR), and the increasing globalization of economic activity.

In particular, Japan's approach to diversity is distinguished by its policies to promote female participation and advancement in the workforce. In 2003, the Headquarters for the Promotion of Gender Equality established a goal of "increasing the share of women in leadership positions to at least 30% by 2020 in all fields of society."⁴² The second Abe administration (Dec. 12, 2012-) has positioned female labor at the core of Japan's growth strategy, calling it "our country's greatest potential source of strength." The "Japan Revitalization Strategy Revised in 2014: Japan's Challenge for the Future" encourages companies to proactively disclose their policies for recruiting and promoting women, increase the proportion of women on their boards of directors, and other relevant information, and, in order to achieve the "30% by 2020" goal, proposes the enactment of laws establishing national, regional, and private-sector goals and action plans, and creating incentives for companies that proactively recruit and promote women.⁴³

³⁷ "Document 2: Overview of the Japan Business Federation Diversity Work Rules Study Group, Back to Basics: The Diversity Management Orientation," *op. cit.* (1).

³⁸ MORISHIMA Motohiro, "New Perspectives on Diversity Management: Moving beyond Simplistic Management Strategy Theories," JMA Management Review (JMA Manejimento Rebyu), 12(8), August 2006, p. 18.

³⁹ TANIGUCHI, op. cit. (21), p. 78.

⁴⁰ KURODA and ORIHARA, op. cit. (1), pp. 4-5.

⁴¹ 2007 is the year in which the baby-boom generation reached the retirement age of 60, and the issue is therefore referred to as "the 2007 problem."

⁴² "<u>Measures to Support the Women's Employment Challenge</u>" (Adopted 20 June 2003 by the Gender Equality Bureau Cabinet Office) Gender Equality Bureau Cabinet Office website

⁴³ "Japan Revitalization Strategy Revised in 2014: Japan's Challenge for the Future" (Cabinet decision of 24 June 2014) pp. 8, 21, 43-44. Prime Minister's Office website

These proposals came to fruition in the Act on the Promotion of Women's Participation and Advancement in the Workplace of 2015 (Act No. 64). The act requires companies with over 300 employees to establish, and make public, action plans that include numerical goals for hiring and promoting women.

Within the context of diversity, these types of policies promoting female workforce participation are viewed as "introductory" or "building block" measures.⁴⁴

Today, many Japanese companies have established departments to promote diversity. However, these companies often interpret "diversity" as the hiring of diverse human resources, putting their programs at the level of affirmative action in the United States. In Japan, the concepts of diversity and affirmative action are not clearly distinguished.⁴⁵ In addition, many companies interpret diversity as equivalent to utilizing female workers.⁴⁶ Many companies also use hiring and promotion rates as outcome indicators for diversity, viewing them in terms of outputs rather than outcomes such as profitability.⁴⁷

Nevertheless, recent management strategies represent a 180-degree change from conventional strategies, in which high performance ⁴⁸ was achieved by uniformly managing a homogenous workforce (comprised, for example, of full-time male university graduates able to work overtime and be transferred to various locations), thereby increasing management efficiency and creating a sense of unity among the staff.

II Characteristics, effects, and problems of diversity

1 Characteristics of diversity

The first characteristic of diversity and diversity management in the United States is that it is not stipulated by law as affirmative action is, but rather is implemented through company management strategies.

In Japan, the 1972 Act on Securing, Etc. of Equal Opportunity and Treatment between

⁴⁴ Study Group on the Promotion of Corporate Strength and Diversity, <u>Promoting Diversity and</u> <u>Women's Advancement: A Challenge for the Globalized Age, 2011 Study on the Economic Impact</u> <u>of Promoting Company Diversity</u> (Daibashiti to Josei Katsuyaku no Suishin: Gurobaruka Jidai no Jinzai Senryaku: Heisei 23 Nendo Kigyo ni okeru Daibashiti Suishin no Keiei Koka to ni Kansuru Chosakenkyu) (Ministry of Economy, Trade and Industry Commissioned Project), 2012.2, pp. 1, 8, 49.

⁴⁵ TANIGUCHI, op. cit. (21) p. 81; YAMADA Miho, "Positioning of Employment of Persons with Disabilities in Diversity and Business Ethics: To Make the Most of the Characteristics of Disabilities," Journal of Japan Society for Business Ethics" (Nihon Keieironri Gakkaishi), No. 21, February 2014, p. 44.

⁴⁶ MORISHIMA, *op. cit.* (38), p. 18.

⁴⁷ TANIGUCHI, *op. cit.* (21), p. 80.

⁴⁸ TAKEISHI, op. cit. (1), p. 15.

Men and Women in Employment (Act No. 113) and the 2015 Act on Promotion of Women's Participation and Advancement in the Workplace require numerical targets, which in a sense motivated companies to institute diversity management. Japanese companies have not advanced their minority recruitment policies so far as to instigate resistance to affirmative action. Because the concept of diversity was introduced at that stage, diversity and affirmative action are not clearly differentiated, and, at times, are confused.⁴⁹

Regardless of the country in question, affirmative action can be defined as the integration of diversity, while diversity is the coexistence of diverse attributes. Furthermore, in comparison to affirmative action, diversity is distinguished by its focus on a wider range of attributes, including not only clear external attributes such as race and sex but also values, employment status and history.⁵⁰ Professor TANIGUCHI Mami of Waseda University divides the dimensions of diversity into surface and deep levels. The former includes attributes that can be ascertained from a person's external appearance, such as sex, age, race, ethnicity, and disability, while the latter includes attributes which only become apparent after one comes to know a person, such as organizational affiliations, work history, educational background, perspectives, ways of thinking, values, and skills. TANIGUCHI argues that fully understanding the deep layer is essential to making use of diversity.⁵¹

During meetings of the abovementioned Japan Business Federation study group on diversity work rules, some participants reportedly expressed the opinion that since the diversity of surface-level attributes including race, ethnicity, religion, and social class is less marked in Japan than in other countries, an approach which focuses on work style diversity, a deep-level attribute, represents a "Japanese-style diversity" more suited to this country.⁵² The study group's report also stresses the importance of lifestyle and work style diversity.⁵³ Women are deeply involved with these types of diversity, and this constitutes another distinguishing characteristic of diversity in Japan.

⁴⁹ TANIGUCHI, op. cit. (21), p. 82.

⁵⁰ Renisha Gibbs, "<u>Equal Opportunity Compliance, Affirmative Action, Diversity & Inclusion:</u> <u>What's the Difference?</u>" *Florida State University Diversity and Inclusion Initiative 2012-2013 Opening Plan*, December 3, 2012, p. 7.

⁵¹ TANIGUCHI, *op. cit.* (19), pp. 12-13.

⁵² TANIGUCHI Mami, "Interpretations of Diversity," Japan Journal for Research on Household Economics (Kikan Kakei Keizai Kenkyu), No. 111, Summer 2016, p. 17.

⁵³ For example, it states that "It is necessary to reconsider work styles and human resources systems that are advantageous to individuals with the attributes that characterized the great majority of company employees up to that point...there is a need to offer a diversity of work style options so that employees can choose the one that matches their values and needs," and "The essence of diversity...also consists of reconsidering the homogeneous ideas and values that have been consciously and unconsciously formed within Japanese society and companies up till now." "Document 2: Overview of the Japan Business Federation Diversity Work Rules Study Group Report, Back to Basics: The Diversity Management Orientation." *op. cit.* (1).

2 Effects of diversity

A number of empirical studies conducted in countries other than Japan have correlated the diversity of companies' boards of directors (sex, age, race, experience, years of employment, etc.) with positive company performance.⁵⁴ In Japan, empirical analyses have similarly found a positive correlation between profit rates and the share of women in management positions.⁵⁵ However, no quantitative theoretical model has yet been developed linking diversity with improvements in company performance. Quantitative theories have, however, proposed a possible positive effect of diversity resulting from the fact that when individuals with different qualities come together, they share new information with one another and therefore improve their collective ability to solve problems. Of course, the possibility also exists for the collision of diverse ways of thinking to lower effectiveness, and therefore both positive and negative effects of diversity have been suggested.⁵⁶ As for how these two possibilities should be evaluated, some evidence suggests that top-level leadership is needed for diversity to function effectively,⁵⁷ and this provides a hint as to whether diversity management will succeed.

3 Problems of diversity

The concept of diversity has spread throughout society, primarily through the efforts of private companies. However, as these efforts drew attention, the term came to be interpreted more narrowly. Particularly in Japan, the promotion of female workforce participation has been positioned as the introduction of or a touchstone for diversity and diversity management, and these concepts tend to be further trivialized as company handling of sex and other typical attributes.⁵⁸

⁵⁴ DEMISE Nobuyuki, "A Stakeholder Approach to Diversity Management," Journal of Japan Society for Business Ethics" (Nihon Keieironri Gakkaishi), No. 21, 2014, pp. 36-37. Based on Taïeb Hafsi and Gokhan Turgut, "Boardroom Diversity and its Effect on Social Performance: Conceptualization and Empirical Evidence," Journal of Business Ethics, 112(3), February 2013, pp. 463-479; Claude Francoeur, Rèal Labelle and Bernard Sinclair-Desgagne, "Gender Diversity in Corporate Governance and Top Management," Journal of Business Ethics, 81(1), August 2008, pp. 83-95; Betty S. Coffey and Jia Wang, "Board Diversity and Management Control as Predictors of Corporate Social Performance," Journal of Business Ethics, 17(14), October 1998, pp. 1595-1603.

⁵⁵ Ministry of Economy, Trade and Industry Study Group on Gender Equality, *Study Group on Gender Equality Report: Women's Participation and Advancement and Company Performance*, 2003.6.

⁵⁶ TANIGUCHI, *op. cit.* (19), pp. 13-14.

⁵⁷ DEMISE, op. cit. (54), p. 37. Based on Frank Dobbin and Alexandra Kalev, "The Architecture of Inclusion: Evidence from Corporate Diversity Programs," *Harvard Journal of Law & Gender*, 30(2), pp. 279-301.

⁵⁸ YASHIRO Hidemi, "Diversity management to increase competitiveness of Japanese companies" Journal of Business, Nihon University (Shogaku shushi), 80(1), June 2010, p. 61; according to WAKI Yukiko, "Developing the Organizational Change Process Model: Towards Inclusive

The realization of a diverse society is, properly speaking, an issue that society as a whole must address. The scope for its actualization includes not only companies, but also the realms of public service, medicine, education, and many other fields. Furthermore, a great number of attributes exist in addition to sex, including educational and professional background, years of employment, employment status, and post.⁵⁹ The gap between this reality and the trivialized version of diversity is large. In order to build a truly diverse society, it is necessary to recognize this gap and devise efforts to remedy it across a range of contexts.

In addition, similar issues exist with regard to diversity and diversity management in Japan as exist with affirmative action in the United States. As long as organizations simply increase the number of minorities on staff and do not change the management system or the attitudes of the majority, minorities will have little incentive to participate enthusiastically in their workplace. Diversity management in its true sense—that is, modification of the organization so that diversity becomes a cornerstone of improving organizational performance—cannot be achieved simply by reaching numerical targets.⁶⁰

III Overview of the studies presented in this report

This report approaches diversity from ten perspectives, which can be categorized as general perspectives, perspectives focused on discrimination, and case studies.

Part I provides general perspectives. KONDO addresses the concept of "social inclusion," which is closely connected to diversity. Social inclusion refers to the acceptance within society of people in a wide range of circumstances, and to measures intended to ensure a certain standard of living for socially disadvantaged persons.⁶¹

YAMAGUCHI examines the case of Germany. While anti-foreigner movements have emerged in Germany in response to the influx of large numbers of refugees, the country cannot repeat its dark past, and instead has no option other than moving towards a diverse society. The article provides an overview of government policies aimed at achieving a diverse society even as right-wing populist political parties emerge and addresses related issues.

Workplaces," *The Business Review* (Keiei Kenkyu), 61(1), May 2010, pp. 71-74; both Panasonic and Nissan prioritize the utilization of female employees in their diversity management initiatives.

⁵⁹ See the following reference for more information: TANIGUCHI Mami, *Diversity Management* (Daibashiti Manejimento: Daibashiti wo Ikasu Soshiki), Tokyo: Hakuto-Shobo Publishing Company, 2005, pp. 42, 44.

⁶⁰ TANIGUCHI, op. cit. (19).

⁶¹ For example, those who are poor, unemployed, homeless, disabled, foreign, have a criminal (record), or are addicted to drugs or alcohol.

Part II addresses the problem of discrimination. Ending discrimination is a fundamental prerequisite of achieving a diverse society.

Diversity encompasses infinite differences in all dimensions of existence,⁶² and taken to its extreme, diversity leads to the individual. The aim of laws prohibiting discrimination is to protect the dignity of the individual. FUJITO addresses the comprehensive anti-discrimination laws of Germany, Sweden, and England, which prohibit all types of discrimination across all sectors of society.

OGASAWARA presents trends in Japan, Europe, and the United States relating to discrimination against LGBT individuals, the need for a societal response to which has only recently been recognized.

The next section presents case studies of efforts to achieve diversity in a range of fields. It is divided into two parts (Part III and Part IV). The articles in Part III are written from the perspective of social participation. YAMADA examines international trends in gender quotas from the perspective of women's exercise of their right to run for office. SATO discusses policies to ensure the voting rights of persons with limited mobility, addressing systems introduced in other countries as well as the current state of affairs in Japan.

TAKAMINE focuses on diversity in the field of transportation and measures to improve access to transportation for elderly and disabled individuals. A physically "barrierfree" environment comes to mind in connection with this topic, but TAKAMINE stresses the importance of additional "soft" measures, focusing specifically on transportation fare discount systems for socially disadvantaged groups.

Part IV considers diversity from the perspective of growth strategies.

TAKEMAE focuses on budgetary expenditures related to the construction of a diverse society, and in particular on government expenditures on employment stabilization and acceleration related to building a society in which individuals with a wide range of attributes can actively participate.

TOKASHIKI focuses on companies as a core actor in achieving diversity and explores diversity-related initiatives at Japanese companies.

SAITO addresses gender issues in agriculture. Women have long been relegated to supporting roles in agriculture due to conservative ideas. However, in recent years, changes have been observed even in this field. SAITO provides an overview of initiatives to increase female participation in agriculture.

An abstract of each study follows.

⁶² SHIRAISHI Hiroyuki, "The Essence and Significance of Managing Diversity," *Kanazawa University Economic Review* (Kanazawa Daigaku Jeizaironshu), 31(1), December 2010, p. 158. Based on R. Roosevelt Thomas, Jr., "Managing Diversity: A Conceptual Framework," Susan E. Jackson and Associates, *Diversity in the Workforce: Human Resources Initiatives*, New York: Guilford Press, 1992, pp. 306-318.

Social Inclusion: Policies and Practices in Japan and Overseas

KONDO Michiko

Social exclusion refers to poverty, lack of social participation, and the processes that lead to these states; social inclusion, its conceptual opposite, describes the processes that ensure individuals at risk of social exclusion are able to participate in society and access the opportunities and resources needed to attain a certain standard of living and welfare.

In European countries, the number of individuals receiving welfare payments increased around 1980 due to industrial restructuring. This led to concerns over the existing welfare system, which redistributed wealth mainly by paying out benefits. As a result, governments advanced social inclusion policies centered on skill-building and promoting employment. The European Union established social inclusion as a policy issue and encouraged the initiatives of member countries by promoting the standardization of indicators and the establishment of shared goals. Under the Labour government, the United Kingdom actively promoted social inclusion policies, such as an income security system and employment support measures, which made employment a more profitable option than remaining unemployed and receiving government benefits. These policies have been maintained after the change of government. In Finland, the introduction of a basic income is being debated, and demonstration projects have begun.

Japan has taken a different path than Europe. Against the context of problems such as solitary death, social inclusion has been discussed as an issue of community "connection," and later as a "second safety net" for needy individuals who are not served by the existing welfare system, such as non-regular workers.

Issues in Building a Society of Diversity: Immigration in Germany

YAMAGUCHI Kazuto

Contemporary Germany is a nation of immigrants: over 20% of the population "has an immigrant background" and over 9% are foreign residents. This is the result of factors including the fact that following the Second World War, West Germany solved the shortage of workers that occurred during its period of economic growth by welcoming large numbers of foreign workers, the majority of whom invited their families to join them and settled permanently in Germany; that many residents of European Union countries have settled in Germany as a result of the EU's "free movement of persons" policy; and that due to regrets over the Nazi era, the country has had a relatively lenient policy toward political refugees.

However, radical right-wing groups that harbor hostile feelings toward foreigners and members of different cultures, and attempt to forcibly expel these individuals from the country, are strongly rooted in German society. Radical Islamic terrorism and extreme-left violence, which have expanded in reaction to right-wing groups, are also obstacles to multiculturalism. The large influx of refugees that occurred in 2015 further exacerbated the situation.

The national government and various political parties and organizations have

expended much effort to overcome these problems and integrate people from diverse cultural backgrounds into society.

This article provides an overview of Germany's current state as an immigrant nation, as well as the post-unification movements to expel foreigners and immigrants. It then discusses the evolution of programs implemented since 2001 to realize a multicultural society, focusing in particular on initiatives of the federal government. It concludes by discussing problems related to refugees, which have worsened in recent years, and prospects for the future.

Diverse Aspects of Comprehensive Anti-Discrimination Laws: Germany, Sweden, and the United Kingdom

FUJITO Yoshitaka

Countries have taken a range of different legal actions in response to employment discrimination and other types of unreasonable discrimination on the basis of race, sex, or other attributes. While countries such as Japan have created different legal frameworks for each field and reason for discrimination, some European countries have introduced comprehensive, cross-cutting anti-discrimination laws that prohibit discrimination regardless of field or reason. Germany's General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz), Sweden's Discrimination Act (Diskrimineringslag), and the United Kingdom's Equality Act 2010 are examples of such comprehensive anti-discrimination laws.

The comprehensive anti-discrimination laws in these three countries protect against discrimination on the basis of many different characteristics, including race, sex, disability, age, and sexual orientation. Furthermore, while anti-discrimination laws have traditionally developed in the field of labor, these laws expand the range of application to include education, the civil service, and other fields.

In addition to instituting remedial actions such as the provision of legal support for victims of discrimination and the establishment of special rules for judicial proceedings including shifting the burden of proof to the defendant, each country has established its own institutions in charge of anti-discrimination countermeasures. However, the comprehensive anti-discrimination laws in Sweden and the United Kingdom exist within a difficult environment, and their anti-discrimination institutions in particular are facing a contraction of authority.

Further empirical research will be needed to assess the effectiveness of the comprehensive anti-discrimination laws in Germany, Sweden, and the United Kingdom, and the outcomes of their anti-discrimination institutions.

Trends in Anti-Discrimination Legislation Protecting LGBT People in Japan and Overseas

OGASAWARA Miki

LGBT refers to people with an atypical (minority) sexual orientation or gender identity. In order to eliminate the many difficulties that LGBT people face within society, LGBT organizations in Japan, as in other countries, have proposed legislation protecting LGBT people from discrimination. In March 2015, lawmakers launched a multiparty caucus to examine discrimination against LGBT people and began discussing the enactment of anti-discrimination legislation. However, the participating political parties were unable to overcome their differing opinions regarding such legislation, and the preparatory work for the bill stalled. Following this, the opposition party drafted legislation, which, as of January 2017, was under consideration in the House of Representatives.

In contrast, a number of European countries have taken the 2000 EU Directive prohibiting discrimination on the basis of sexual orientation as an opportunity to advance legislation prohibiting discrimination against LGBT people. In the United Kingdom, legislation was developed in several stages starting in 2003, and currently, discrimination against LGBT people is prohibited under the Equality Act 2010. In the United States, no laws at the federal level clearly prohibit anti-LGBT discrimination, but such laws do exist at the state level. The legislation under consideration in Japan takes a slightly different approach from that of other countries; while the "prohibition" of discrimination and harassment is being considered, the discussions have emphasized the need to implement "preventative" or "supportive" measures in order to "eliminate" discrimination.

Women in Politics and Gender Quotas: Ensuring Diversity in the Political Arena

YAMADA Kunio

The proportion of female legislators in the Japanese parliament is extremely low compared to other countries. At 13.1% for the upper and lower houses combined, the figure is far from the global average of 23.0%. The proportion in regional assemblies is still lower. Responding in part to recommendations from the United Nations Committee on the Elimination of Discrimination against Women, the government's Basic Plan for Gender Equality establishes a target of increasing the proportion of female candidates for each of the houses of the Japanese parliament to 30% by 2020.

Political issues of concern to women frequently include education, employment and recruitment, and family issues, and female political participation is therefore expected to bring perspectives different from those of men to the political arena. However, in the case of Japan, ideas regarding the gender division of labor are strong, and both men and women have internalized the idea that politics is men's work. In addition, the current male-centered state of politics holds women back from political participation.

In other countries, the proportion of female legislators has approximately doubled

over the past twenty years. This change has been driven by gender quotas. There are two types of gender quotas: legal quotas and party quotas.

Regardless of the fact that the law guarantees the right to participate in politics equally to men and women, the introduction of gender quotas must be accompanied by discussion of whether it is necessary and right to establish legal frameworks that appear to give preferential treatment to one sex. In addition, from the perspective of constitutional principles, it is necessary to balance the guarantee of freedom with the need to ensure equality and to conform to the principle of representing all citizens.

The Japanese parliament is currently considering legislation that encourages voluntary initiatives by political parties, with the long-term goal of introducing gender quotas.

Guaranteeing the Right to Vote for Persons with Disabilities and the Elderly SATO Ryo

The constitutional principle of universal adult suffrage states that all citizens shall be treated equally with regard to voting rights. This guarantee of suffrage includes the act of voting itself.

From the perspective of diversity, problems related to this guarantee arise with regard to persons with disabilities and the elderly. The Convention on the Rights of Persons with Disabilities requires signatory countries to guarantee the right to vote, the right to run for office, and other political rights to persons with disabilities. However, in Japan, voting as a rule takes place at polling places, and voters with mobility issues face difficulties voting.

This paper provides an overview of the current situation in Japan for voters with mobility issues and describes systems that have been introduced for such voters in other countries, as well as the extent and success of their implementation. These systems include voting by mail, voting by proxy, Curbside voting, online voting, and telephone voting.

The paper also describes systems introduced in the United Kingdom and Korea to support political candidates with disabilities. The United Kingdom's Access to Elected Office for Disabled People Fund subsidizes transportation costs and other expenses, while Korea's Official Subsidy for Disabled People provides subsidies to political parties that endorse a certain percentage of disabled candidates.

In acting to guarantee the right to political participation for persons with disabilities and the elderly, Japan should bear in mind the fairness of elections and refer to models from other countries when considering its own systems.

Reduced Fares on Public Transport for the Elderly and the Disabled in Japan and England

TAKAMINE Yasuo

Japan's system of reduced fares on public transport for the disabled is implemented primarily on the basis of government directives. Because separate initiatives have been introduced for various disabilities, modes of transportation, and municipalities, it is a complex system with many detailed differences in who qualifies for fare reductions. The differences are particularly large with regard to reductions for persons with mental disabilities, and this has become a subject of public discussion. With regard to reduced public transportation fares for the elderly, municipal governments have taken the lead in introducing free bus passes and other initiatives, but as the population ages, these governments are coming under financial pressure. Many municipalities are now searching for systems that will be sustainable as the population ages even further, such as introducing user fees.

In contrast to the Japanese system in which municipalities and transit agencies have spearheaded the introduction of reduced fares, the United Kingdom's Concessionary Bus Travel Act 2007 and other national laws have formed the basis for implementing a system of free bus fares for disabled and elderly persons throughout England. These free passes are also issued to persons who are not able to obtain driver's licenses for reasons of physical disability. The financial burden on the government from this system of free bus passes is large, but the major political parties approve of its continuation.

Welfare fare reduction systems are effective in encouraging social participation and outings by the disabled and elderly and in maintaining and promoting social participation by a diverse range of people. Elements of the English system provide an instructive example as Japan moves toward a more uniform and fair fare reduction system.

Society of Diversity and Government Finances: Government Expenditure for Stabilizing and Promoting Employment

TAKEMAE Nozomi

Budgetary expenditures related to the creation of a diverse society come from the general and special accounts, and most are categorized as social security expenditures. While growing social security expenditures for medical, pension, and caregiving programs tend to draw attention, social security expenditures related to creating a diverse society, such as funds spent to encourage participation in economic activities, are not necessarily increasing. The importance of these expenditures deserves renewed attention.

A typical example of expenditures aimed at creating a more diverse society is subsidies for initiatives that encourage the hiring of diverse individuals. However, not all such programs function effectively, and improvements to the system are needed.

Notably, many budgetary expenditures aimed at creating a more diverse society are decided below the level that requires a vote in parliament. Parliamentary deliberations should also take these expenditures into consideration.

Diversity in Japanese Companies and the Japanese Economy

TOKASHIKI Yoshino

Japan's working-age population will continue shrinking in the future, and this will slow economic growth. Workforce participation by women, the elderly, and immigrants is expected to provide a latent source of labor, increase innovation due to the diversity of knowledge and perspectives, and improve productivity. Creating environments in which a diversity of employees is able to reach its full potential—in other words, promoting diversity management—is also important in terms of increasing Japan's overall productivity.

Much of the empirical research in Japan on the influence of employee diversity on company performance has focused on women's workforce participation. The research indicates that, in order to improve productivity, it is necessary to make use of women's latent abilities and skills, and for that to happen, management modifications are important.

The government has put forward a policy of promoting participation by woman and other diverse individuals through both "Work Style Reform" and initiatives to make information on female employment at companies more transparent. However, Japan lags behind other countries in its level of female public participation. Making use of diversity is an effective means of realizing Japan's full potential. With the support of society as a whole, Japan can make rapid advancements toward creating an environment in which a diversity of people is able to participate in the workforce.

Past and Present Policies for Women in Agriculture

SAITO Maiko

Women have historically been relegated to auxiliary positions in agricultural management and community affairs, which leaves their potential as workers untapped. The distinctive gender relationships of agriculture and agricultural society, together with fixed ideas about the gender division of labor, form the context for this situation.

Japanese policies targeted at women working in agriculture and living in farming villages date to the founding of the Promotion Services for Home Living Improvement in 1948. That initiative positioned women as homemakers, but after Japan adopted the World Plan of Action put forth by The World Conference of the International Women's Year in 1975, policies were developed to raise the standing of women in rural communities. Beginning in the 1990s, agricultural policy underwent a transition, clearly positioning women as farm operators and aiming to systematize supportive measures targeting them. In 1992, the government formulated and publicized a mid- to long-term vision for rural women, marking the beginning of an era in which women were encouraged to participate in formulating policies, visions, and family business agreements, and rural women's business initiatives were supported.

Today, as part of the government's measures to foster the next generation of farm operators, it is implementing programs to support business development by female farm operators and inform the public of their existence, for example through the Nogyo-joshi Project ("farm women project"). Issues for future consideration include the development of career support for various entry points into agriculture and the creation of work environments favorable to female farm operators. From the perspective of encouraging participation by a diversity of individuals, it is also important to strengthen support for women's engagement in a wide range of agriculture-related fields, not limited to their traditional roles in processing and selling agricultural products and assisting with farm work.

Conclusion

Today, while the concept of diversity has spread throughout society, movements are emerging worldwide that, at first glance, appear to contradict diversity. Examples include the United Kingdom's exit from the EU (Brexit) and the election of Donald John Trump, an advocate of unilateralism, as president of the United States. In reality, however, these phenomena resist easy labeling as being counter to diversity. They can be viewed as signs that even the United Kingdom and United States can no longer tolerate globalization's demands for economic standardization that ignores inter-country differences, and are experiencing "globalization fatigue" and a "return to the nation."⁶³

In the developed countries of the European Union, right-wing populist political parties are surging. These include the UK Independence Party, which spearheaded the push for Brexit, Alternative für Deutschland, France's Front National, and Austria's Freiheitliche Partei Österreichs. All either oppose or are skeptical of the EU, and therefore resent the obligations of EU members toward other countries, including the need to financially contribute to the bureaucracy in Brussels and to accept immigrants from other EU countries, and the responsibility for the EU as a whole to cover for the mistakes of individual countries, such as the European Sovereign Debt Crisis caused by Greece. They call for the restoration of national sovereignty and have come to power by playing to the discontent of the masses. It remains unclear just where this wave of populism will lead in the mid to long term, but it is currently shaking the foundations of the cooperative body that is the EU.

The United States is also undergoing a transformation. During the election campaign, Trump did not hold back from making bold proposals such as building a wall on the border with Mexico, banning Muslims from entering the country, forcibly deporting undocumented immigrants, imposing high tariffs on Chinese goods, withdrawing from the TPP, and demanding Japan pay all expenses of U.S. Forces Japan; at the same time, determining that the United States would no longer serve as the world's policeman, he proposed to free the country from the spell of hegemony and instead shift the function of the state solely to its own continuation.⁶⁴ With "Make America Great Again" as his

⁶³ Emmanuel Todd, Not UK But EU is the Problem: New Nation Theory of the 21st Century (Mondai wa Eikoku dewa nai, EU na no da: 21 Seiki no Shin Kokkaron), Bungeishunju, 2016, pp. 8, 22-28, 52, 66.

⁶⁴ "<u>Tale of the Tape: Trump and Clinton Drop Gentility for Hostility</u>," September 27, 2016. Bloomberg Website; OCHI Michio ed., *The Bombastic Language of Donald Trump* (Donarudo Torampu no Daihogen), Tokyo: Takarajimasha, 2016. pp. 205-206.

slogan—a phrase that echoed President Ronald Wilson Reagan—he took the presidency.

Are these movements toward unilateralism in Europe and the United States not suggestive of the essence of diversity? Globalism and regional integration cannot survive without accepting the existence of the countries that are their constituent elements—in other words, without respecting diversity. It is true for both people and nations that the single-minded pursuit of an ideal based on the logic of the group will leave the individual members of that group dissatisfied. At the same time, it is not possible within contemporary society for either individuals or countries to exist in chaos, and there is therefore a great need for them to form organizations and national coalitions. Diverse societies are those premised on respect for individuals and nations with many different attributes, but in which individuals and nations come together in organizations and coalitions that hold shared visions and pursue those visions in order to create added value.

This general study on its own cannot address all aspects of diversity. However, it is my hope that by shedding light on one fragment of this multifaceted subject, we have evoked its depth and breadth, and conveyed the idea that respecting diversity gives rise to better societal outcomes.

SAKATA Kazuko, *An Introduction to Diversity* (Research Materials), 2018e-1, Tokyo: Research and Legislative Reference Bureau, National Diet Library, 2018.

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