

Feature Articles

This month's focus: **Promotion of Women's Active Engagement**

Expanding Opportunities for Women's Participation and Challenges in Corporate Human Resource Management

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Expanding opportunities for women's participation is deemed to contribute not only to empirical research but also to long-term corporate performance from an investor's perspective. With this in mind, this paper aims to examine the current status of women's participation in Japanese companies and, based on the examination, to consider corporate initiatives necessary for further expanding opportunities for women's participation. Rather than merely reducing overtime, it is imperative to realize workplace arrangements where a diversity of talent can thrive, and to promote the appointment of managers who, regardless of gender, are able to develop subordinates.

Research on the Effect of Female Outside Directors on Corporate Management in Japan

Tomomi Fukuta

This paper discusses how female outside directors can impact the value of Japanese companies. Japan's GDP ranks fourth in the world after the USA, China and Germany. In a 2023 survey, however, its gender index ranked 125th out of 146 countries, the lowest among the developed nations. Noting that Japan's ranking for "economy" and "politics" are particularly low, this paper surveys female outside directors who are active in the business world. Japan's Corporate Governance Code was first introduced in 2015, and has since been revised twice. The latest revision emphasizes gender and other types of diversity, as well as the importance of outside directors. The female directors ratio increased from 2.0% in 2014 to 10.6% in 2023. How did the addition of female outside directors improve corporate value and management?

Women's Empowerment and Labor Productivity and Innovation

Akira Yamaguchi

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Japan is far behind other developed countries in the gender gap index as demonstrated by the World Economic Forum. This paper investigates how women's empowerment (in this analysis, the ratio of female executives) relates to labor productivity and innovation, particularly with regard to labor productivity in a causal estimation. The results show that female activity significantly raises labor productivity and is also correlated with process innovation.

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Board Gender Diversity and Issues of Tokenism

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In this paper, we discuss the effects of gender diversity on boards of directors from an economic perspective. We then argue that one factor may impede its effectiveness: tokenism. In order to address the outside demand for gender diversity, firms often appoint female directors as a symbolic gesture in a corporate practice known as “tokenism.” This paper aims to identify the issues surrounding tokenism and show the importance of overcoming it.

Articles

An Empirical Analysis of Japanese Firms' Earnings Management Using Quarterly Earnings

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This paper uses quarterly earnings to examine earnings management in the fourth quarter to avoid annual loss reporting. The results show that many firms convert from a cumulative loss in the third quarter to a cumulative profit in the fourth quarter. Moreover, such turnaround is associated with accrual earnings management in the fourth quarter, thereby avoiding annual loss reporting. The findings suggest that quarterly earnings can be useful in revealing discretionary management behaviors even after annual earnings have been disclosed.

The Demand for Directors' and Officers' Liability Insurance at Japanese Companies

Misa Matsuo

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In March 2021, an amendment to the Companies Act was implemented mandating the disclosure of directors' and officers' liability insurance (D&O insurance) status in Japan. This study, for the first time, examines the demand for directors' and officers' liability insurance within Japanese companies using data from annual securities reports published in 2022. The results suggest that companies purchase D&O insurance not only to strengthen governance but also to safeguard against litigation and business risks.
