

METHODOLOGY OF DIVERSITY STRATEGY AND MANAGEMENT THROUGH FUNCTION ANALYSIS

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Biography



Noriko Murakami is a president of the Legend Consulting Company Limited, their business is management consulting for companies and human resources development consultation, focusing on organization development, and are concentrating on developing leaders. She has also been involved in entrepreneurial development and support at an administrative agency in Japan since 2015 years. She's consulting substantially utilizing VE and her experience value and career by a printing company, a trading company, an advertising agency and a general trading company. She has learning VE since 2013 years at the Functional Approach Institute Company Limited in Japan, qualified as a Functional Approach Trainer, and is utilizing VE for consulting to companies in various industries and business persons.

Abstract

In Japan, the Act of Promotion of Women's Participation and Advancement in the Workplace and the introduction of Work Style Reform have encouraged basic efforts of managing diversity. There are still few examples, however, of essential efforts being undertaken. Despite the widespread catchwords such as "Managing Diversity" and "Work Style Reform", true "Diversity Strategy" is in fact being disregarded.

"Diversity strategy" is considered a necessary and important strategy for Japanese companies to enhance their competitiveness in the future. In this paper, the methodology of a diversity strategy and management that is linked to business results through Function Analysis using a FAST Diagram is introduced.

Keywords: diversity strategy, diversity management, diversity and inclusion, diversity standards

Introduction

Japan has been in need of managing diversity for long, and it now has the resources, the backup and promotion system, ready at the government level. With the declining working age population in Japan and diversification of market needs as a background, the Act on Promotion of Women's Participation and Advancement in the Workplace was enacted on April 1, 2016. Women's empowerment in Japan, which is behind other developed countries, has now been positioned as an important element in managing diversity. Although there are different levels of obligation and efforts toward obligation required depending on the scale of the business, Japanese companies are now forced to survey their business environments in terms of enhancing women's empowerment, set numerical targets and report on the targets publicly. Practically, however, companies who indicate that they are "trying" to promote women's empowerment are evaluated as good companies. Many companies without formal strategies and action plans are deviating from the initial diversity strategy and missing the essential purpose.

Issues of Diversity Strategies for Japanese companies

Current Situation

Among the essential points of diversity strategy, women's empowerment is a priority issue for Japanese companies. The Act of Promotion of Women's Participation and Advancement in the Workplace was enacted in 2016 and the attitude of promoting women's empowerment is finding increasing support in Japan. However, in the current mature economic situation, where Japanese companies are finding it difficult to increase profits, companies' substantial attitude toward women's empowerment is passive or unsuccessful.

In Japan, although equalization of gender employment has been established institutionally, women in the workplace potentially face many gender biases caused by life events. People seem ready to accept women's empowerment, but, in many cases, it is not practiced due to the absence of a supportive corporate climate. As a result, many female employees leave work due to childbirth or to care for their children. In addition, the management model in which executive recruitment is only for male employees has not been significantly changed. The Ministry of Internal Affairs and Communications (2014) report noted that the potential labor force (potential applicants) of women in Japan is about 3.03 million and the female ratio of managers and executives is the lowest among developed countries. (See Figure 1)

Promotion of women's empowerment is only one of the priority items of a diversity strategy. While promoting women's empowerment has been taken up as a major issue, the problem is that people in Japan strongly believe that "managing diversity" equals "women's empowerment."



Figure 1: International Comparison of Female Ratios of Managers and Executives

Issues

In addition to laws and regulations, there is an enhancing awareness of women's empowerment. In Japan, however, most cases are limited to the improvements in the workplace environment based on laws and regulations such as following the Equal Employment Opportunity Law, and providing maternity leave and a childcare leave system. In addition, many women do not desire career enhancement. A report stated that the proportion of women who wish to be promoted to section chief or above is markedly lower; about 10% of female employees compared with 50 to 60% of general male employees. (The Japan Institute for Labor Policy and Training, 2013).

Although preparation of the environmental aspects is an important factor, innovation under the current situation will be difficult without reforming corporate culture and women's own consciousness. Promoting "environmental improvements" and "reformation of the corporate and women's awareness" are both important issues.

Moreover, in Japan, the management model of "lifetime employment, full-time employees, male-centered" is still superficially and potentially present. However, because an increase in the future production population is not expected in Japan, the continuation of this model is physically impossible. It is fundamental to make use of diverse human resources as potential labor force as productive power and to make effective use of all workers' time and capacity by flexibly accepting various work styles.

Preparing the working environment, however, is only a major premise. Good business results will not be obtained unless companies secure diverse human resources and make the best use of their capabilities. Managing diversity is a focus in Japan at present, and the efforts required need to be defined. Understanding diversity strategy and carrying out substantive efforts toward it is challenging; however, the efforts will greatly affect the growth of corporate management. Diversity strategy in Japan has just begun.

Toward Essential Diversity Strategy

Perspective of Diversity Strategy

How should we promote a diversity strategy? In order to clarify the viewpoint and analyze how it should be done, a FAST Diagram has been created by extracting the priority items of a diversity strategy as constituent elements and then defining their functions. (See Figure 2)

1) In order to "Enhance Leadership," top management is required to show strong leadership, aim to share purpose, "Enhance Centripetal force." At the same time, raise employees' "Increase Commitment" and make full use of individual abilities.

This is an important function leading to productivity improvement, and it is also an area where substantial operation and results are difficult to find. Employees' awareness of contribution and motivation is greatly influenced by the reliability of evaluation.

Companies should never forget to focus, examine, and execute communication on the kind of "Give inspiration" that should be applied to "Enhance Motivation" and what kind of evaluation system should be implemented in order to "Increase Fairness and Transparency of Evaluation."

2) In order to "Enhance Management," the function of "Increasing Return on Investment" of management resources should be demonstrated to the fullest.

Both "Reduce Time cost" and "Increase Yield rate" are necessary items. When diverse human resources, their experiences and knowledge are utilized and reflected, it will lead to effective risk management and to improving the quality of the production processes, products and services, making it possible to "Increase Improvement" and contribute to improving managerial capabilities.

In order to reflect experience values and knowledge, it is imperative that there is a foundation that can extract and utilize the opinions and thoughts. Of course, if the foundation, that is, the "improved environment for constructive communication" is not rooted in the corporate culture, the above will not be achievable.

In addition, in order to maximize every employee's ability to be the right-person-for-the-right-position, in other words, to minimize personnel investment and to maximize outcomes, a human resource allocation that "Increases Contribution" is necessary.

Diversity Standard

In practicing a diversity strategy, there are important items such as enhancing corporate value, enhancing innovation ability, and increasing productivity. Among these, the aspects that cannot be overlooked include: "Strengthen Organization," "Enhancing Leadership," "Enhance Management," "improving communication environments," and "reviewing personnel evaluation."

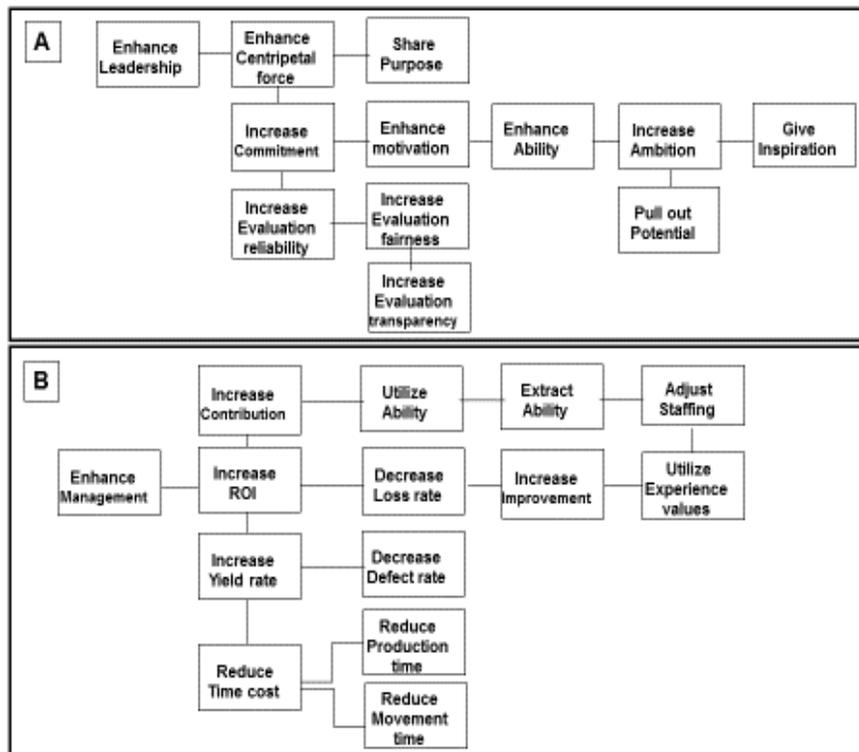
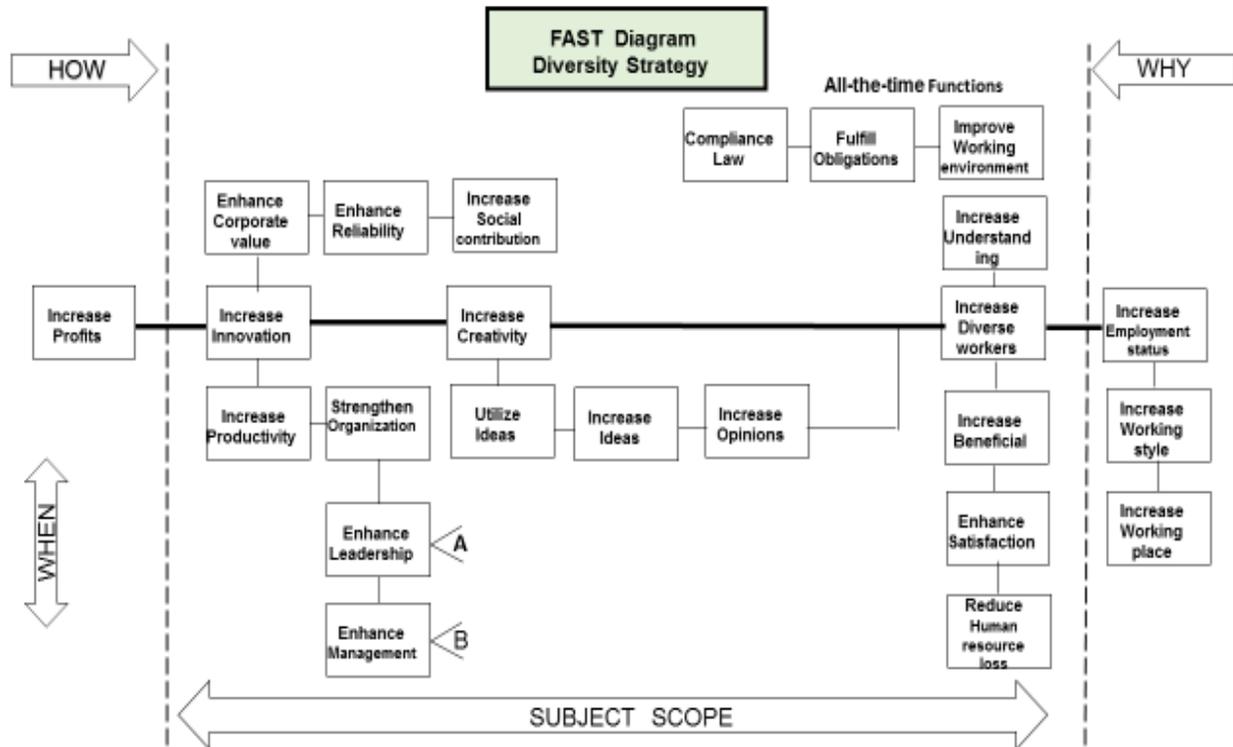


Figure 2

How should each of these priority matters be implemented in companies of various industries, organizational climates, and management situations? Most Japanese companies make it a top priority to comply with laws and regulations, and put their utmost effort on responding to legal requirements.

In order to promote a diversity strategy efficiently and lead to management results, the specific method is proposed in the next sections.

Essential Requirement in Diversity Strategy

Specific action guidelines should be prepared to promote concrete actions toward a successful diversity strategy. The author has made five essential requirements in the diversity strategy—"Increase Innovation," "Enhance Corporate value," "Increase Productivity," "Increase Creativity," and "Increase Diverse workers."

The required items are described below.

Increase Innovation

Even if diverse human resources are acquired, their abilities are utilized, and innovation is demonstrated in productivity, unless the direction is determined and prompted with converged power, enhancement of business management ability is impossible. Top-down leadership from management will play an important role in enhancing the acceptance of a diversity mindset and speeding up the strategy promotion. It is necessary for companies to clearly show the purpose of the diversity strategy by stating it in the management philosophy, and to encourage it to penetrate the corporate culture. In addition, the personnel team in charge of promotion confirms the achievement under an efficient plan.

Enhance Corporate Value

Leadership as a company in community contribution is greatly demanded and expected. In addition to working on current and future social and economic issues, it is important for leaders to raise awareness and influence employees. Also, the positive approach to managing diversity itself leads to trust in companies. By sharing information on the efforts, outcomes, and policies within the company and to the public, corporate value can be increased. This will lead to management results. Communication to the public should not be forgotten.

Increase Productivity

- a Appropriate instruction, education and enlightenment for employees are required to raise contribution. Also, employees' sense of fulfillment and achievement in their work is greatly affected by the personnel evaluations. As the diversity of employees expands, highly reliable and individual performance evaluations are required and the evaluation systems must be improved and refreshed. Along with this, the managerial abilities of the evaluator must also be improved by training.
- b Without the inclusion, where opinions and voices of people with diversity are reflected constructively, the range of utilization is narrowed even if diversity human resources are employed. It is important that constructive communication be promoted on both vertically and horizontally within the organization. In order to make full use of the diversity perspective, leadership is required which is the foundation of constructive communication and team power.

Increase Creativity

It is hoped that creative ideas extracted from diverse human resources are gathered and utilized for innovation, while closely examining capital strength and technical strength.

Increase Diverse workers

Efforts are needed to improve the satisfaction of employees and to lower the turnover rate through improvement of the working environment, the corporate culture, and the evaluation system. In addition, it is important to acquire production dynamics by proactively appointing diverse personnel.

Utilizing the FAST Diagram and organizing the functions of the diversity strategy clarify five essential points in which outcomes are not recognized unless they are achieved.

These five items obtained from the FAST Diagram shall be called the "Diversity Standard."

They are indispensable requirements for promoting a substantial diversity strategy and can be replaced with the objects of evaluation and guiding principles of action. By always using these five items as a

guideline and confirming the degree of accomplishment, we can expect to promote diversity strategy with highly positive outcomes.

Diversity Standard Guidelines

In order to confidently achieve the diversity standard, the author further extracted the required elements for each item, and created “Diversity Standard Guidelines.” (See Figure 3)

In the guidelines, the vertical axis shows diversity standard items and elements for each item. The targeted personnel (top management, manager, employee and others) whose functions are required and objects to be sought (such as time and place) are also incorporated into the elements. The horizontal axis is the numerical value (%) of achievement degree, and the graph is plotted for each item and element.

By utilizing diversity standard guidelines, it is possible to build concrete plans according to the situation and structure of the company. The utilization method is described in the following section.

Diversity Standard Guidelines Procedure

1) Understand the Current Situation (Information Gathering)

Diversity strategy project staff personnel need to grasp the current situation in their company. They collect information on diversity standard items through questionnaires within each department and share information from each department manager.

2) Set Achievement Levels and Target Values (Setting of Evaluation Criteria)

The next step is to set the target values for each items with reference to the gathered information. Items such as “communication environment,” “degree of satisfaction with the evaluation system” may be set based on the data obtained from the questionnaire. Also, the items that have already been achieved (compliance with laws and regulations, etc.) or items unnecessary for the company can be deleted.

3) Confirm the Degree of Achievement in the Current Situation (starting point)

By plotting the current points for the target values on the “Diversity Standard Guidelines,” the current situation can be confirmed and the weak points in the company's diversity strategy become clear.

4) Form a Scheme

The number of personnel on the project team for the diversity strategy, the corporate culture, the current situation, and the available time are different in each company. After grasping the current situation, the next step is to plan, draft, and implement the priority items, priority orders, input time, and innovation details for each item. As the items are subdivided, a concrete and comprehensive plan is possible. For the items that are regarded as priority issues, it is desirable that further plans be developed separately.

5) Evaluation and Improvement

In practice and management, the next step is to promote the plan with corrections and improvements while evaluating the achievement degree for each item at a determined time. According to the evaluation axis obtained in 2), while conducting questionnaires and internal information sharing each time, it possible to grasp the whole picture by carrying out the 1) to 5) cycles with the leadership of the project team.

In the “Diversity Management Selection 100” project, started in 2012 in Japan by the Ministry of Economy, Trade and Industry, excellent enterprises are selected who engage in managing diversity and offer good examples of achievement in areas like “Improve Working environment,” “Increase Diverse workers” and “innovation in production system” that represent improvements in workplace and corporate culture. Companies who raise the “review of personnel evaluation system” are rare. While diverse work styles will increase in the future in Japan, it is essential to evaluate personnel at individual levels, not just by time, but also by fair assessment of results and outcomes. Although discussions that focus on time, such as “work-life balance” and “prohibition of long work hours” are currently being deployed in Japan, building evaluation axes based on abilities and outcome is needed.

Diversity Standard Guidelines						Achievement (%)	
		0	20	40	60	80	100
1	Increase Innovation						
	1 Judgement for the strategy	Organization					
		Top management					
	2 Sharing purpose of the strategy	Organization					
		Top management					
		Manager					
		Employee					
	3 Reform of corporate culture						
	1) Awareness of purpose and importance	Top management					
		Manager					
		Employee					
	2) Communication ability for promotion	Top management					
		Manager					
		Employee					
	3) Information sharing	Top management					
		Manager					
		Employee					
	4 Management of promotion	Precision of information gathering and planning					
		Precision of progress management					
		Precision of improvement					
2	Enhance Corporate value						
	1 Compliance with laws and regulations	Organization					
	2 Working on CSR	Organization					
	3 Communiation ability of the company	For employees					
		For public					
3	Increase Productivity						
	1 Increase contribution						
	1) Development of human resources and ability						
	Leadership quality	Manager					
	2) Fulfillment of educational program	Organization					
	3) Appropriateness of human resource allocation	Organization					
	2 Reliability of personnel evaluation system						
	1) Transparency of personnel evaluation system (Public notification of the system)	Full-time employees					
		Part-time employees					
	2) Fairness of personnel evaluation system (Fair evaluation axis)	Full-time employees					
		Part-time employees					
	3) Ability development of personnel evaluator						
	Fulfillment of educational program	Organization					
	Appropriateness of evaluation	Organization					
	3 Inclusion						
	1) Improvement of communication environment (opportunity generation, adequate communication, corporate climate)	Vertical axis					
		Horizontal axis					
	2) Team power	Leadership					
		Morale of team					
4	Increase Creativity						
	1 Acceptance of innovation	Top management					
		Manager					
		Employee					
	2 Background						
	Capital strength	Organization					
	Technical strength	Organization					
5	Increase Diverse workers						
	1 Reduce turnover ratio	Full-time employees					
		Part-time employees					
	2 Generate opportunities (diverse work styles)						
	Flexibility in time	Organization					
	Flexibility in work place	Organization					
	Flexibility in work style	Organization					
	Acceptance of diversity	Organization					
	3 Employee satisfaction	Full-time employees					
		Part-time employees					

Figure 3

By fulfilling the functions of all items, the five diversity standard items will show synergistic effects, leading to a comprehensive high outcome. Utilizing these diversity standard guidelines will enable a company to promote a comprehensive strategy and will contribute to its overall efficiency by allowing managers to grasp progress situations and tasks.

Conclusion

In this paper, utilizing the Fast Diagram, the essential requirements for business outcomes were extracted, and a "Diversity Standard" was established with five priority items. From that, "Diversity Standard Guidelines" were created and the accompanying methodology was introduced.

By pursuing functions and replacing the required functions with essential requirements to be achieved, it is possible to segment processes and programs and clarify the purpose. It also serves as an indicator of specific behavior and contributes to high efficiency and outcome in the strategy. By clarifying the target, appealing and unifying power will also increase and accelerate its penetration and achievement speed. We found that the "Diversity Standard Guideline" is very effective in establishing a highly efficient and substantial strategy in the current situation in which Japanese companies are in an introduction phase of managing diversity and are likely to be biased toward partial efforts.

Through this research and discussion using the FAST Diagram, we demonstrate the promise of utilizing VE in this field. The author is hoping that the application of VE to this field will widely permeate and lead to high management results, and that VE will be utilized in more and various industries, and will continue to be further researched in the future, accordingly.

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