

Special Talk

Diversity & Inclusion

Leading to
New Value Creation

YOSHIMOTO Tatsuya

Director, President and Representative Executive Officer, J. Front Retailing Co., Ltd.

SHIRAKAWA Touko

Specially Appointed Professor, The Graduate School of Sagami Women's University

Yoshimoto One of our materialities is the “promotion of diversity & inclusion,” and in May this year, you spoke about “diversity as management strategy” in our Sustainability Committee meeting. I was highly impressed by your talk about relations between risk caused by homogeneity and the promotion of women’s empowerment. This time I would like you to talk about women’s empowerment and diversity & inclusion (D&I).

— Present position of JFR

Yoshimoto We launched the Women’s Empowerment Promotion Project directly under the President in spring 2022. We have realized women’s easiness to work mainly through initiatives to help female employees work while raising their children such as expansion of childcare support systems including childcare leave period that

exceeds statutory requirements and shorter work hours. However, it is not only women that raise children. I am aware that job satisfaction as well as easiness to work is required to empower women. And I have come to think that it is not an issue only for women but the entire Group’s issue required to empower individual employees including men around women. The project of which name includes the word “women” is composed of 22 members including

Special Talk

six men and two from each operating company, mainly in their 20s to 40s to reflect diverse perspectives. Its members have had many discussions between themselves and with myself. And now I recognize we stand at the start line of D&I in a real sense.

Shirakawa Looking back, in Japan, after the era in which only superwomen who followed male work style survived, the era in which generous support for working while raising children is provided has come and male employees and female employees became differentiated. Women were thought of as having life events. On the other hand, concerning work style, promotion, and evaluation, time passed with a conventional model that employees are promoted by devoting all their time and places to the company. However, some men may want to value their

life events and some women must want to work and raise their children both equally hard. Partly due to the trend of work style reform, I think it is finally changing.

Shirakawa I believe thinking about women will open the way to corporate diversity. As Japanese companies' support for women is too insufficient, it is difficult to think in a single step that considering them as only women's problems is an old idea because there is no difference between men and women. We need to do so step by step. Your company seems to be on the way to that.

— Dilemma in the share of women in management positions

Yoshimoto One of the KPIs for our materialities is the share of women in management positions. The management positions include manager and above positions. Its target for 2025 is 30% and the result in fiscal 2021 was 21.3%. While appointing women by assessing their ability, intention/motivation, and aptitude, I would like to have a human resource pool of management candidates with a composition of half men and half women early. However, some women do not aim for management positions but want to be professionals by improving expertise. I think it is important to duly assess and reward them with compensation regardless of the option they choose so as not to make it our goal to increase the share of women in management positions. Honestly, however,

as it is an indicator, I feel dilemma.

Shirakawa Currently the share of women in management positions is one of indicators, but in the future, companies will be required to disclose the wage gap between men and women. In order to value individual career in the situation in which some want to hold management positions and others want to improve expertise, you need a multistream personnel system that can respond to the diversification of career. By doing so, specialists will be able to receive high remuneration and the wage gap will be eliminated. As employees in management positions can become management candidates, the human resource pool needs to not only have highly homogeneous people but secure diversity. I think it will become a source of the company's strength.

Shirakawa By the way, you may hear that there are a few women in management positions because they do not want to hold such positions. As I mentioned earlier, conventional work style and ways of promotion and assessment were the model of promotion by devoting all their time and places to the company. I see that it affects them. Though they joined the company equally and are not inferior in ability, women receive lower assessment and are slower to be promoted than men only due to restrictions that they cannot transfer now or that they cannot work overtime now. And before they know it, they think they fall behind and cause trouble to the company. The motivation of inherently highly motivated and excellent



Special Talk

women will decrease rapidly. As a result, it will be thought that women do not want to hold management positions and it will become an issue of their mindset. Intrinsically, it is not only an issue of their mindset but I think the primary problem is that conventional work style was too uniform, favorable only to people with the same characteristics, and not diverse.

Yoshimoto Flexible work style or diversity of work style has not certainly made substantial progress until recently.

Shirakawa I think it is difficult in some places such as stores, but in JFR head office's telework system, there is no core time, there are no restrictions on the number of permitted telework days, personal time off during telework hours is allowed, and an interval system is adopted. As the environment in which individuals can work autonomously is in place, you will be able to secure diversity of work style. And I expect that you will be able to realize true diversity & inclusion as well as diversity of human resources.

Yoshimoto As we created a basis for diverse work styles, I would like to encourage people who became less motivated due to time and workplace constraints and half gave up their career to change their mindset and would like to provide places that empower them.

— Think of their own career

Yoshimoto You mentioned career, and at our company orientation this year, I told new employees that the Group

is greatly changing. In the past, we adopted a typical membership employment. We took time to dye them with the company's color and they may not have faced their turning points unless they were transferred. Going forward, however, I would like them to draw their career paths for themselves and the company will support them. It was my message for them. In the past, new employees of the Department Store started their career by serving customers in stores for several years after joining the company. This year, for example, a highly art-oriented new employee who majored in sociology at university was assigned to a gallery in GINZA SIX.

Shirakawa Many companies still think employees should be trained while they are young. It takes much time before young employees can take small leadership. Whether they will grow by doing what they want to do is another story. However, it will be good if you can develop individual young employees not in the conventional way of development but by listening to them. I think it is a shame that their individuality will be lost rapidly though you think you hired interesting human resources or unique human resources.

Yoshimoto In the past, when a young employee told me that he/she wanted to leave the company, I told him/her to hang here a little longer instead of leaving. Recently, however, I say to such an employee, "Work hard and achieve results if you have decided for yourself to do so. I hope you will perform well as our former co-worker. And



SHIRAKAWA Touko, Specially Appointed Professor,

The Graduate School of Sagami Women's University

Became a writer after working for Sumitomo Corporation, a foreign financial institution, etc. Her books include "Konkatsu-jidai (The era of marriage seeking)" (Co-authored, Discover Keisho), "Hatarakanai Ojisan ga Onsha wo Damenisuru, Midoru Jinzai Katsuyaku notamemo Shohosen (Middle-aged men not working will ruin your company, prescription to empower middle-aged human resources)" (PHP Shinsho), and "Harasumento no Kyokaisen, Sekuhara/Pawahara ni Tomadou Otokotachi (Boundaries of harassment, men puzzled by sexual harassment and power harassment)" (Chuko Shinsho La Clef).

come back, if you want, after gaining confidence."

Shirakawa Is that so? How did you develop your career?

Yoshimoto I think I was passive. After joining Daimaru Matsuzakaya Department Stores, I was ordered by the company to transfer or change jobs. From now on, however, we will not do the same. I would like our employees to think of what they want to do and actually do it while they are young. It is because I think doing what they really want to do with passion will lead to the Group's

Special Talk

DIVERSITY & INCLUSION

growth.

Yoshimoto In terms of women's career, if there are any employees who felt like giving up their career in the past environment, I would like to bring them back. I think they will perform well in a different way from the past and I would like to develop relationships that can provide such opportunities.

— Diversity of perspective

Shirakawa I told that diversity is the avoidance of homogeneity in the recent Sustainability Committee meeting. I think the most important is diversity of perspective. I think having an organization in which people with not only diversity of age and gender but also diverse experiences such as childcare can discuss from diverse perspectives will become a company's strength.

Yoshimoto I do not think we will be able to realize it in a short time, but for the future, we aim to make decisions by the team that always consists of diverse people as a matter of course. The Company as a holding company has changed tremendously in the last few years. Until three or four years ago, about 90% of the Company's employees including officers were from Daimaru Matsuzakaya Department Stores. However, by hiring professionals from outside and exchanging human resources between the Group companies such as Parco, the percentage of people from the Department Store decreased to around 50%. To take men aged 55, their career and experiences are

completely different. Recently, we can tell what we think to each other freely in meetings. I feel we have changed.

Shirakawa So your organization is changing to a diverse one. You said the number of external human resources is increasing. However, I do not think it will succeed if you just try people coming from outside to a highly homogeneous organization. I think they will not be able to exercise their abilities unless you accompany and support them.

Yoshimoto It must apply to women in management positions as well.

Shirakawa That's right. When a woman was appointed to the management team mostly composed of men, she is often tested by negative stereotypes: she was appointed just because she is a woman or women are not suited for management positions. In such an environment, it is difficult for people to show their abilities to the fullest. You need to be aware that you should accompany and support them.

— Diversity required to change

Shirakawa It is important for a corporate manager to be aware what synergy with his/her company's business will be created by promoting diversity and to do it resolutely. What do you think about that?

Yoshimoto In the Company, which is a holding company, members who built their career in operating companies such as the Department Store and Parco and professionals from outside stimulate each other by

discussing with different values. I think friction developed there will create new values that are not on the same path as in the past, achieve portfolio transformation, and grow the Group. However, the executive management team is mainly composed of employees in their late 40s to 50s. It is difficult to make these young people to join the Management Meeting right now. Therefore, we have created some projects or task force-like teams that include young members and draw their opinions to be discussed by the Management Meeting. The Group's Desirable Shape for 2030 Project launched in November last year is its typical example. Concerning the Group's corporate vision for 2030, young employees mainly in their 20s and 30s are working to clarify the Group's desirable shape and the value to be delivered using their unique ideas. While engaging in dialogue with myself, they report the details of their activities to the Management Meeting. I think it is necessary to listen to the opinions of people who will assume management in the future when the current management team discusses the next 10 years or 20 years.

Shirakawa Some companies adopt a reverse mentoring program in which young employees become the mentors of their superiors or the management team. It is the reverse of conventional general mentoring in which knowledgeable and experienced superiors provide advice and guidance to young employees. I think it is very important for the president and management team

Special Talk

to hear frank opinions from people who will live in the future, feel changes, and improve sensitivity to reflect it in management beyond position and generation in order to innovate and grow a company.

Shirakawa You say in your integrated report that there is no future on the same path as in the past that relies on successful experience and that diversity and future-oriented thinking are essential for transformation. I also study long-established companies. Long-surviving companies grow by repeating tradition and innovation and continuing to change. The most important there is human resource power. By valuing long-fostered DNA and adding diversity to it, you will be able to make an innovation.

Yoshimoto Daimaru and Matsuzakaya, in their histories of more than 300 years and 400 years, respectively, continued their businesses until now by responding to changes in customers and society and changing themselves. Parco has also always created new creativity and culture with an eye to next generations. DNA of our predecessors lives in ourselves. Now is the time to accelerate the change and growth of the entire Group using our DNA and the power of diverse people.

Shirakawa I think it is because a group with a single characteristic will be destroyed at once when faced with a crisis that diversity is required to survive. In other words, if you continue to run seeing only one direction, you will not know where to go when you cannot follow the path. If some people see left or right, they will tell that you can move to the

right. I think it is the greatest strength of diversity.

Yoshimoto We must always have a flexible mindset that allows ourselves to accept someone's advice to move to the right.

Shirakawa Exactly. Unless you have inclusion even if there is diversity, you will think you will not be able to move to the right because you have never done so for these 100 years when told to do so.

Yoshimoto We also need to create an environment in which people can give diverse opinions.

Shirakawa People who select the option to move to the right are a minority in a company. You must understand how difficult it will be for a minority to speak up and how much courage it will take. Though it is good to have a woman in a meeting, she has a very big hurdle to overcome in speaking up alone. Experience as a minority is necessary for the management team that has always been in homogeneity.

— Focus on “people”

Yoshimoto Currently, in the Company, the average age is high and the management team is mostly composed of men. So, we have just launched an initiative to mingle different genders, human resources in the Group, and generations through projects and task forces directly under the President. Though we will not be able to change soon, I feel a sign of change on various occasions. And in the

Company as a holding company, we expect to increase the share of professionals from outside to 50% in the future. By combining diverse knowledge, experiences, and values, I would like to create innovation.

I think a change is necessary for growth, and to this end, D&I is essential. By focusing on “people” and through dialogue with employees, I would like to continue to grow the Group into the one in which people accept each other's individuality, values, and views and work to create new value with a sense of unity.

Shirakawa I felt you are promoting D&I under your ownership. I expect the Group's transformation in the future.



(Date of talk: July 20, 2022)