

Employment Inequality in Diversifying Diversity Workforce:

Difference in Employing Minorities for Gender, Nationality, and Disability in
Japanese Firms

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Network G - Gender and diversity

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Addressing Minority Employment Inequality in Firms

The Recent Trend of Improving Minority Employment

- Hiring/promoting minorities becoming **indicators of CSR** (Mun and Jung, 2018a)
 - Not only to prevent discrimination but also **as a strategy to enhance competitiveness** (Dobbin and Sutton, 1998; Edelman et al., 2001; Dobbin, 2009)
- Strong call to advance **the rights of minorities** facing employment discrimination
 - Gender and racial minorities (Cox and Blake, 1991; Pelled et al., 1999; Acker, 2005; Herring, 2009; Dobbin and Kalev, 2022)
 - Including more diverse groups and categories (sexuality and their intersectionality (Gardberg et al., 2020; Buchter, 2021; Dennissen et al., 2020))

Remaining Employment Inequalities: Why Organizations Don't Change

Persisting disparities between majorities and minorities (Tilly, 1998; Lamont and Molnár, 2002;

Tomaskovic-Devey and Avent-Holt, 2019)

- Uncertain impact of minority employment on firm performance (Cox, 1993; van Knippenberg and Schippers, 2007)
- Practices within organizations remain unchanged (Edelman, 1992; Stainback et al., 2005; Mun, 2016)

→ **Some organizations are reluctant to change their practices**

• Focus on the interplay between social changes and organizational responses (Reskin, 2003; DiTomaso et al., 2007; Hedström and Wennberg, 2017)

- The EEO laws' effect is limited as some organizations perceive it merely as a social norm (Edelman, 1992; Stainback et al., 2005; Mun, 2016)
- Mimetic isomorphisms and making little progress for their internal disparities (Hirsh, 2009; Skaggs, 2009)

Three Types of Logic Explaining Diffusion of Minority Employment

There are three logics for explaining their organizational response (not) to adapt to social environments (Dobbin et al., 2007; Gardberg et al., 2020)

1. Coercive principle

- **Regulatory interventions** to employ minorities mainly focused on the EEO policies (Edelman, 1992; Dobbin et al., 2007; Stainback et al., 2005)

2. (Social) Constructive principle

- **Social norms** that transform rationality for minority employment
- The interaction of these two principles has been the focus of much attention
 - e.g.) Impact in the legal environment (Hirsh, 2009; Hirsh and Cha, 2018) and regulatory spillover (Zhang, 2022)

3. Competitive principle

- **Market logic in pursuing economic value** through employing minorities (Cox and Blake, 1991; Richard, 2000; Herring, 2009; Dobbin and Kalev, 2022)
- Addressing the shortcomings of organizational theory (Beckert, 2010)

Our Main Contribution: Comparing multiple minority groups

- Extant studies often focus on individual minority categories to see the effects of these logics (Mun, 2016; Zhang, 2020; Gardberg et al., 2022; Dobbin and Kalev, 2022).
 - Complicated interactions of logics lead to differences in organizational behavior and minority employment (Hirsh, 2009; Mun, 2016; Hirsh and Cha, 2018; Zhang, 2022; Gardberg et al., 2022)
 - Fail to identify which logic ties affect the employment of specific minorities
- We compare outcomes across multiple minority groups
 - Limited resources within organizations cause **uneven distribution among minority groups** (Tilly, 1998; Skaggs and DiTomaso, 2004; Tomaskovic-Devey and Avent-Holt, 2019)
 - Examine how the combination of logics results in disparities for each minority group

Focus on Japanese Firms

Why Japanese firms?

- Weak normative subordination for minorities and strong path dependency (Aoki, 1988; Mun, 2016; Kato and Kodama, 2017; Mun and Jung, 2018a)

→ **Little organizational resources invested in minority employment**

Focus on three minority groups: **gender, nationality, and disability**

- The Japan Revitalization Strategy in 2013 has accelerated employment for these groups in the same framework (Alcantara and Shinohara, 2023)

Minorities in Japan: (1) Gender

- **Remaining significant gender inequality** (Global Gender Gap Report, 2022)
 - Despite the enforcement of the EEO and other relevant laws
 - A fragmented labor market and strong gender role norms lead to work-family conflicts among working women (Brinton and Oh, 2019)
- **Japanese firms often comply minimally, maintaining internal disparities**
 - **Negative compliance** (Mun, 2016) and not improving the number of women employees and hires (Mun and Jung, 2018a)
 - An interesting case for understanding the mechanisms behind minority employment inequality

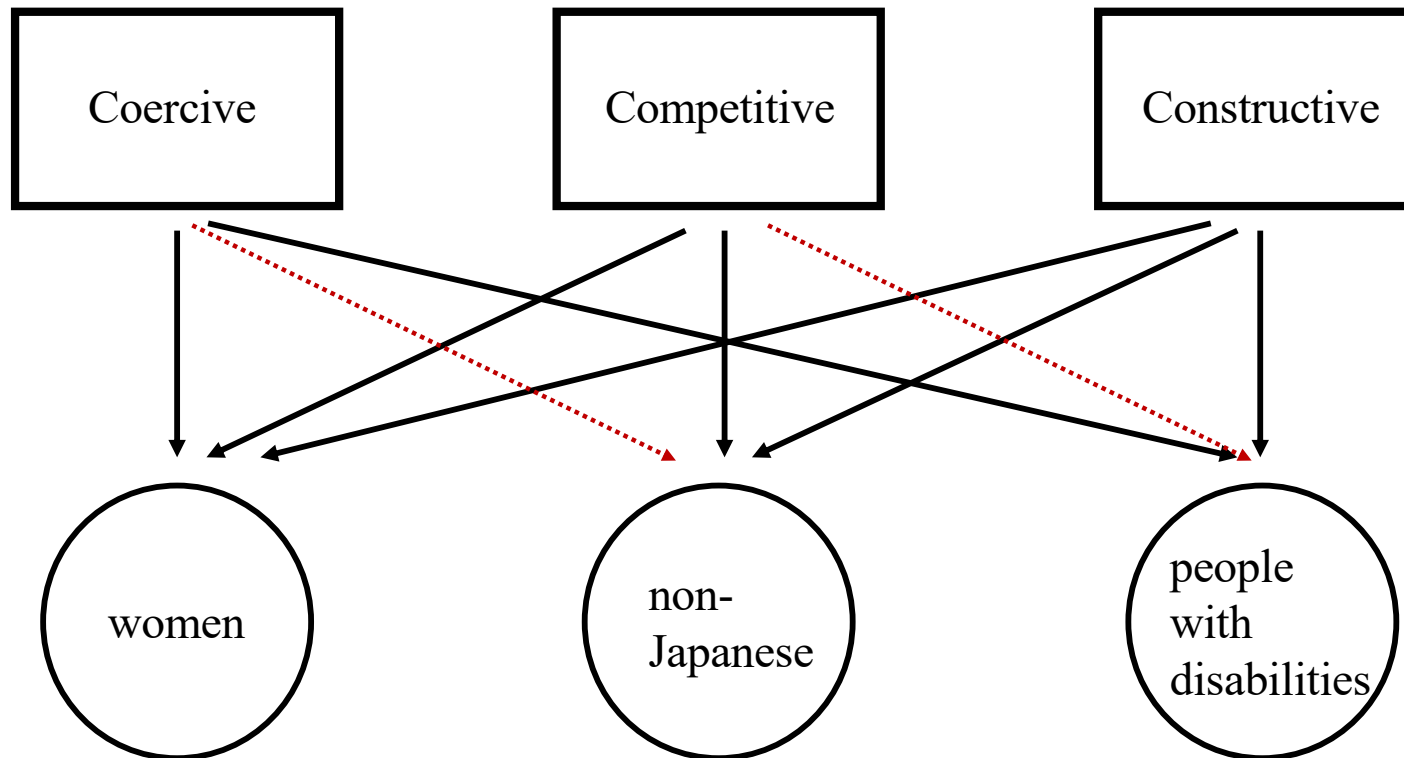
Minorities in Japan: (2) Nationality

- Little research on racial inequality in Japan (Global Gender Gap Report, 2022)
 - Racial disparities are equated with differences in nationality (Oguma, 1995)
 - The Labor Standards Law addresses nationality but not race
 - Japan's negative response to immigration (Bartnam, 2000; Tsuda and Cornelious, 2004)
 - Willing to **embrace only highly skilled foreign workers**, not semi-skilled or unskilled workers (Oishi, 2021)
 - EEO Laws are not legally binding and lack enforcement for their equity
- Constructive/competitive logic is evolving, yet **the coercive force is lacking**

Minorities in Japan: (3) Disability

- Disability is a significant factor in employment inequality (Powell, 2003; Rivera and Tilcsik, 2023; Neufeldt, 1995; Ameri et al., 2018)
 - While there is a growing focus on entry-level inequalities, we are overlooking the mechanisms within organizations (Maroto et al, 2018; Rivera and Tilcsik, 2023)
 - Japan has reinforced the legal environment
 - The statutory employment rate was incrementally raised, reaching 2.3% by 2023
 - The 2013 amendment introduced anti-discrimination provisions and mandated reasonable accommodation
- No regulation or policy requires their employment due to **competitiveness**

Relationship between Logic and Minorities in Japan: *Predictions*



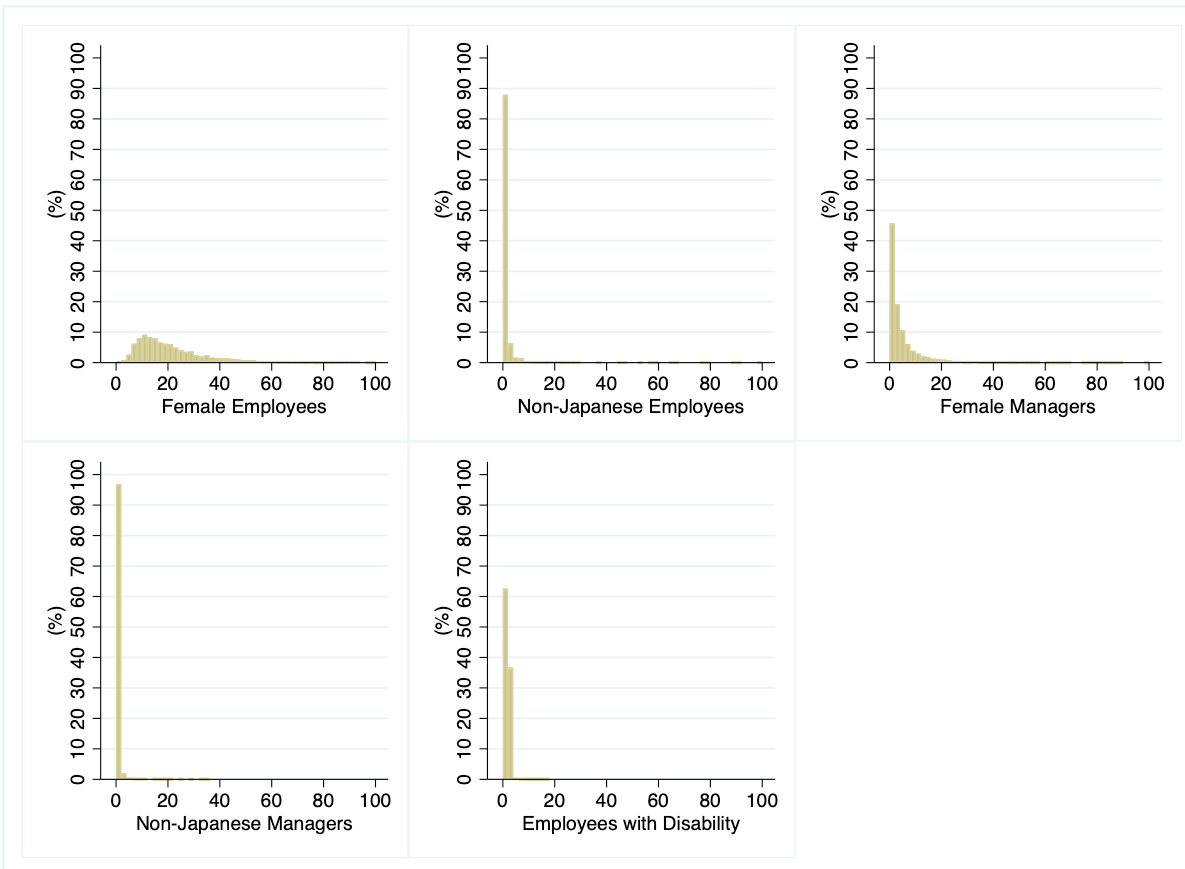
Data, Sample, and Analytical Strategy

- CSR Data by *Toyo Keizai Inc.*
 - Large and well-known Japanese firms (*named*, not anonymous)
 - FY 2010 to FY 2016, $N = 8,906$ (1,883 firms)
- Two strategies: (1) response rates and (2) employment rates
 - (1) as an indicator of firms' perception of the group as important to them
 - To reveal the **gap between a firm's perception and behavior** (Oliver, 1991; Pager and Quillan, 2005; Bromley and Powell, 2012)

Variables

- **Minority Employment:** Women/non-Japanese employees and managers, employees with disabilities.
 - No data on people with disabilities in management positions
- **Diversity Initiatives:** Target values and diversity department
- **Corporate Culture:** Basic philosophy, top commitment, and long-term vision
- **Periodic Change:** Different timings of legislative changes for different groups
- **Traditional employment practices:** Average tenure, turnover rate, and % of new graduate hires

Models



(1) Response rates

- A binomial logit model

(2) Employment rates

- A hurdle model (Long and Freese, 2014)
 - Non-negligible cases of zero minorities
 - Combining a binomial logit model and a linear regression model

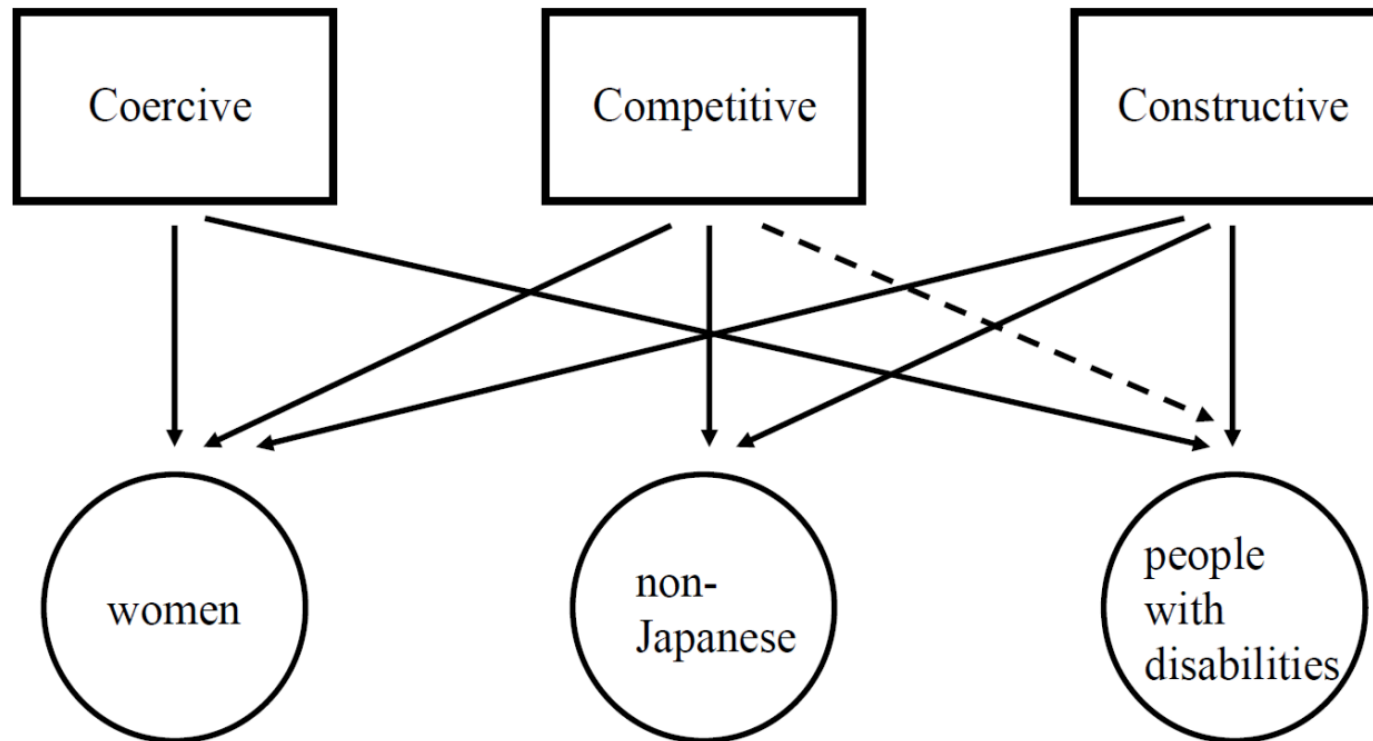
Highlights for Response Rates

- Diversity initiatives increased the response rates for three groups
 - Constructive/competitive logic works for **attention** to all three categories (not necessarily for actual hiring behaviors)
- The response rate for employees with disabilities declined significantly after the legislative change in the statutory rate.
 - To avoid normative sanctions (*negative compliers*)
 - Indicating the coercive pressure in place
- Women and persons with disability ← Constructive / Coercive

Highlights for Employment Rates

- Diversity initiatives $\xrightarrow{+}$ women and non-Japanese
- Long-term strategies $\xrightarrow{-}$ people with disabilities
 - Implying firms decoupling employees with disabilities from HR strategies
- The positive impact of the law amendment was remarkable for employees with disabilities but not for women.
- Japanese employment practices decrease women and non-Japanese, but increases employees with disabilities.
 - Fully externalized for the core membership?

Relationship b/w Logic and Minorities in Japan: *Summary*



Our contributions

- Without competitive logic → marginalized, or sometimes negative compliance (disability)
- Competitive logic works, but not coercive logic → inclusion efforts diminished (non-Japanese)



Dynamics creating employment inequality among minorities

1. **Externalization**: Making a certain minority group independent of the resource allocation mechanism
2. **Coupling**: Legitimizing the biased distribution of resources among minorities

➤ **Comparing across minority groups** reveals such dynamics!

