



Dialogue on Promoting Diversity as a Management Strategy

President Wakabayashi × Ms. Komuro, Representative Director and CEO of Work Life Balance, Co., Ltd.



The Daio Paper Group aims for diversity management that respects and makes the most of the diversity and personalities of its employees, health management that is vital for active participation, and the nurturing of human assets capable of autonomous growth. This time, a special dialogue between Ms. Yoshie Komuro, a specialist in work style reform consultation, and President Wakabayashi was realized, and they discussed about diversity, women's participation in the workplace, childcare leave for men, and caregiving.

[Profile]

Yoshie KOMURO

Representative Director and CEO of Work Life Balance, Co., Ltd.

With a track record of providing consultancy services to over 1,000 companies, she is reputable for her work style reform consultation that aims to reduce overtime and improve work performance. Among other roles, she has served on the Industrial Competitiveness Council of the Abe Cabinet, Industrial Structure Council of the Ministry of Economy, Trade and Industry, and the Central Council for Education of the Ministry of Education, Culture, Sports, Science and Technology. Her published works include "Playing Manager: Work Strategies for Zero Overtime" (DIAMOND, Inc.), "Team Management Skills to Knock off at Six O'Clock" (JMA Management Center Inc.), "Men on Childcare Leave: Changes for Families, Companies, and Economies" (Co-author, PHP Interface). She is a mother of two.

Diversity Targets for the Fourth Medium-Term Business Plan

100% uptake of childcare leave by male employees (14 or more consecutive days)

5% share of women in management roles (2% as of April 1, 2021)

■ Diversity and performance improvement are directly linked

Komuro: Thank you for your time today, Mr. Wakabayashi. First, could you tell us about your career?

Wakabayashi: For 70% of my career in the company, I have been engaged in newsprint sales. Newsprint is the ultimate B2B sales in the papermaking industry and our long-standing core business. Thereafter, I worked for the Secretarial Office, General Affairs, Accounting and Finance, gaining experience in back-office functions before returning to sales again. For the past four years, I was in charge of the Elleair Unit, engaging in B2C sales.

Komuro: How have you been addressing diversity?

Wakabayashi: Even within the company, we have been using the term "diversity" for some time now. However, while I did understand the need to address it, I was also made aware of the high hurdles. The papermaking industry is male-dominated and old-fashioned in thinking, with a culture resembling the heavy industries. It was hard to foster the momentum for change. When I started to engage in the Home & Personal Care business, I became painfully aware that consumers would not welcome our presence if we do not make use of the power of the female perspective as women make up our primary customer base. Therefore, in July 2019, we established the Diversity Committee and I have been working on diversity issues as the chairperson ever since.

Komuro: In B2C sales, one can apply their experience as a customer. It is obviously important for women, your main customer base, to dedicate more time to their personal lives, and that applies for men too. Work-life balance is not about splitting your time in a set ratio, but about the synergistic effect generated by work and life. We term it "work-life synergy". Work-life synergy is a virtuous circle in which your experience in your personal

life will improve your work productivity, which in turn leads to more time for your personal life and so on.

Wakabayashi: So diversity is directly linked to performance improvement.

Komuro: We tend to think of women empowerment when we talk about diversity. However,

if each individual is able to nurture diversity within themselves, that is, to accept diverse ways of thinking, the entire group will be able to advance to a higher level of diversity.

Wakabayashi: The Paper and Paperboard Unit and the Home and Personal Care Unit are projected to contribute almost evenly to the company's sales by the end of fiscal 2021. We are also working to raise our overseas sales ratio to 30% by the end of fiscal 2026. As such, it is important that we recruit, appoint, and nurture a diverse workforce of people.

Komuro: As society evolves, many companies go into decline as demand for their core business shrinks. It is remarkable that your company has achieved steady growth as you have made ample investments in new business areas since early on. In the field of Home and Personal Care, there is a growing need not only from people balancing childcare and work, but also from people balancing family caregiving with their jobs. Your company has a lot of opportunities to provide support in that area.

Wakabayashi: You're right.

Komuro: Furthermore, many consumers now also consider the company's commitment to social contribution when making purchase decisions. Especially, consumers tend to have good impressions of companies that are advanced in work-style reform and show support for them. For example, the company Cybozu is commended for raising questions about work-related problems as it has put out novel advertisements saying "Don't work hard, Japan" and "Apologies for Diversity" in the Nikkei newspaper, sparking conversations during the COVID-19 pandemic. This has led to an increase in the number of fans of its products. In the future, while it is of course important to continue to improve the quality of your products, I believe that there will be a need for a branding strategy that links the Elleair brand to your diversity initiatives in the minds of your customers.



■The difficulty of balancing caregiving and work



Wakabayashi: Today, the largest generation in our workforce—those in management and our operators—have entered their 50s, and the company's age pyramid is getting more top heavy. We have raised the retirement age to 65, and it may have to be

extended to age 70. It is inevitable that the pyramid will get even more top heavy. We will have to introduce work arrangements not tied to a specific location or schedule and reform our system so that our employees can balance work with caregiving. As a large number of our factory operators are entering late middle age, we also need to figure out how to utilize the know-how and skills they have accumulated over their career urgently.

Komuro: How many employees are currently on caregiver leave or on shorter working hours?

Wakabayashi: In fiscal 2020, there was one employee who applied for caregiver leave. However, I believe there were others who made use of annual paid leaves for caregiving purposes due to their personal circumstances.

Komuro: It is unlikely that so few people had to take caregiving leave considering the population structure of Japan, so it is natural to assume that there were employees who did not tell company that they are eligible for caregiving leave.

It is said that caregiving should be carried out in four-person teams. The husband and wife should of course help each other out. Moreover, if they do not work with a professional caregiver and the staff from the local long-term care support center, it would wear them out mentally too. It is important to acquire caregiving knowledge at the earliest possible timing. In reality, people may have to start caring for their parents in their 30s. As more women are having their first child in their 30s, the probability of them having to juggle childcare with caregiving at the same time is getting higher.

Wakabayashi: It is a considerable burden to have to cope with childcare and caregiving at the same time.

Komuro: Men cannot simply ask their wife, already caring for their child, to take on caregiving responsibilities too. Here's an true story. A department manager of a certain company asked his wife to take care of his mother. In the end, his wife became depressed, and

eventually his children cut off ties with him. His children told him, "Why are you going to work and returning late everyday when mom is in such a state? What is your priority in life? We don't want to see you until you can give us an answer." In the end, he resigned from the company. However, should he have spoken with his company earlier on and received support, he might not have to lose his job and his ties with his children.

Wakabayashi: The 2025 problem, in which hospitals and care facilities can no longer handle the load and people in need of care will have to return to their home, is approaching four years later. Our company will likely



face a surge in the number of employees who have to care for their elderly parents. Partly because we provide adult diapers via the Attento brand, Dr. Minoru Kamada, a physician and author, has conducted seminars for us over the years. I agree entirely with what he tells us about the current state of long-term care and caregiving, but it's difficult to say if I really absorbed the knowledge... There are still plenty of things we have to do, including getting the company ready for such a situation.

Komuro: This is what I tell people at caregiving seminars: "From now on, it will be a miracle to find anyone who can

reach the end of their career without having to deal with time constraints at a point.

If you are troubled by a problem at home right now, it's very likely many others have the same problem too, so let's open up to each other about your situations. If you do that, you'll be able to



help each other." People with values of the past are afraid that they would not be able to move up the corporate ladder if the company knows that they are caregiving for their family. It is important to quickly eliminate this mechanism that causes people working under time constraints due to personal issues to get sidelined for

promotions. Many people out there will be relieved if they can consult their company frankly.

Wakabayashi: As we make diapers for babies and the elderly, I believe that we should regard the social issues of childcare leave and caregiving as issues that we should solve, rather than something someone else will solve.

■Why is childcare leave for men important?

Komuro: What is the current situation for uptake of childcare leave by men?

Wakabayashi: In fiscal 2019, 4% of eligible men took childcare leave, and it went up to 6% in fiscal 2020. On a brighter note, uptake of the GOO.N Sukusuku Leave (5-day paid parental leave) improved from 44% in fiscal 2019 to 88% in 2020. As it is possible to use the Sukusuku leave non-consecutively if necessary due to work duties, the hurdles for uptake are lower and more people are coming to think well of its usage. Meanwhile, the hurdles still remain high for childcare leave as they would have to take a consecutive two weeks to three months of time off from work. They are worried about increasing workload on remaining colleagues, the inability to hand over work duties to other colleagues as only they have any experience of it, and also the lack of understanding from their boss.

Komuro: Every company now has fairly well established systems for childcare leave, but what is critically inadequate is that the subordinates' working hours and leave uptake are not considered when evaluating the bosses' performances. There are still many bosses who think that their only duty is to achieve sales targets. When you have always been praised for achieving those targets, you end up chasing the same goals even when you become a boss. However, when you're so focused on chasing numbers, you won't have enough time to observe your subordinates, and therefore you won't be able to swiftly pick up the signals when your subordinates face problems or need adequate rest. It's difficult to inspire change by simply telling this kind of boss, "You must change the way you manage." Therefore, it's necessary to change the evaluation system and tell them, "The way you are evaluated has changed."

Wakabayashi: At present, we do not have such an evaluation standard.

Komuro: Japan is considering passing a bill that makes it mandatory for companies to explain the childcare leave system individually to eligible fathers-to-be and confirm with them if they wish to take it. That is expected to come into effect in 2022, and failure to comply will become illegal. It is important to prepare for that early

on as there'll be great confusion after the bill has been passed. Paternity leave before the birth of the child is also under consideration. It would be good to start preparing for that too.

Wakabayashi: To encourage men's uptake of childcare leave, we're also thinking of introducing a leave system for the care of grandchildren in order to change the mindset of those in senior management with adult children.

Komuro: That is great. Please also convey this to them: Suicide is the leading cause of death for postpartum women. This fact hits that generation the hardest. Men of the older generation holds the stereotype that men who take childcare leave are submissive to their wives.

However, it is virtually impossible for mothers to care for their children alone, and there is a correlation between the increase in nuclear families and the increase in child abuse cases. In particular, it has been found that mothers are likely to get postpartum depression if they do not get seven hours of sleep after childbirth, and that is likely to lead to child abuse. In other words, a man who takes childcare leave will save two lives: his wife and his child. Because of the lack of such knowledge, the importance of childcare leave for men tends to be downplayed. Therefore, I hope you can convey this to them promptly.



■ Competition for women talent will accelerate

Komuro: Please tell me about your strategy for women empowerment.

Wakabayashi: Currently, the ratio of women in management roles is about 2%. We have strong intentions to raise it to 5% in the next three years. However, some people might think that this gives unfair advantage to women...

Komuro: Men have had advantage over women throughout history. This is about letting women get one-tenth of the advantage that men already have over women. There are many people who think that women's progress in the society is reverse discrimination as they assume they will lose their rights. However, what they should be concerned about is that the entire company will sink if that is not done. Slow progress in this area will cause the brand value of the company to fall, and the level of those who wish to join the company

will drop too, sinking the boat that is the company. Please share this with those people, and spread the understanding that this is not about competing with the women next to them, but that we're all on the same boat.

Wakabayashi: If we let time pass without making any progress while chanting "5%, 5%", our women employees will quit or reach retirement age, defeating the purpose of everything.

Komuro: I believe that the competition for women talents will accelerate this year and next year. Your company, with your strong brand, attracts excellent men and women talents. However, if women are not getting promoted, your company will be an excellent source of talent for your rivals. If you do not shift into high gear, other companies will come to poach your employees. Please be wary of that.



■ Ideal work style of the Daio Paper Group

Komuro: What do you think is the ideal work style? Also, what do you need to do to achieve that?

Wakabayashi: Including those overseas, our group has around 14,000 employees. It is important to create a work culture which enables each employee to work energetically with motivation by ensuring that all of us are aware that we are members of the same team who share a unified vision toward achieving greater heights. By letting employees achieve each of their ideal work styles, we aim to become a company that may survive the complex, unstable, uncertain, and unforeseeable times ahead.

Komuro: In the era of the 100-year life, skills we have honed since our first employment in our 20s may be rendered obsolete by the latter half of our career. However, if we continue to learn new skills and take on new challenges in our career without fear, we can continue to contribute to the company. We call the experience of going through a transition in work many times over a single lifetime "life shift," and it is important

for companies to support that life shift.

Wakabayashi: The Daio Paper Group operates in a variety of fields. We even operate golf courses and a fitness club. As it was for me, it is common for us to get transferred to a brand new field, and then back again after we gain sufficient experience in that field. While giving due consideration to their aptitude, the company wants employees to gain as many different experiences as they can throughout their career,

Komuro: Daiwa Securities once took a survey to find out how much time their employees are spending on learning. They found out that employees stop learning when they hit age 45. Age 45 is when job titles change and also when they find out if they will continue climbing the corporate ladder or if they have hit the ceiling, so that is why people lose the motivation to learn. Now, as Daiwa Securities have abolished the upper age limit for sales staff, those who do not continue learning after age 45 will be a great burden on the younger generation. To counter that, they created a points-based training program for

employees over age 45. Employees will earn points when they take courses in the program and the number of points they earn will determine if they can keep their salary level after they hit the age limit for managerial

positions. As each employee continues to learn and is able to contribute new insights, it will reduce the burden on other members in the team. It is also useful to make use of 360-degree feedback.

■ Establishing psychological safety in the workplace

Wakabayashi: For work styles, we seek to streamline work, eliminate all redundancies, and reduce person dependence. Only through that can we create new value and innovate. To accomplish that, I want to establish psychological safety and instill a culture in which anyone can speak up. From April 1, while late to the game, we stopped addressing people by their titles, and instead started using the suffix "-san" (a Japanese honorific equivalent to Mr./Ms.) for everyone. It may be rudimentary, but I intend to gradually change the company culture.

Komuro: Even in the discussions about work style reform that we are involved in, there were cases where team discussions were dominated by strict hierarchical relationships. For example, when the youngest member of the team points out their meetings are long, the boss will refute, "They may be long to you, but they're all about important matters." With that, no one else can express their opinion on meetings. As long as people continue to "read the air" and continue discussing only matters that people in authority approve of, it will be structurally difficult to solve problems within the team.

Wakabayashi: Even if there are no bad intentions, hierarchy will influence the way discussions go.

Komuro: In this case, we need a different decision-making mechanism. In the "KAERU Meeting" approach that we carry out, all participants contribute their opinions via sticky notes. During the COVID-19 pandemic, we also made use of anonymous chats so that people could raise opinions without anyone knowing who wrote which opinion. In those chats, opinions expressed by young members may receive the most likes as everyone likes the messages expressing "meetings are too long" and "we have to circulate too many documents." In other words, an opinion that would have been rejected by superiors gets seen as it gains the approval of everyone else. There must be things that people in your company really want to change. I look forward to seeing changes to work styles in your company when you start carrying out more discussions using mechanisms like this.

Wakabayashi: I myself was skeptical about remote work. However, when we rolled it out due to the COVID-19 pandemic, I realized that morning and evening communication became more active through remote work. That changed my mind. Therefore, even when

the pandemic subsides, we do not intend to go back to our previous work styles. Instead we will pursue flexible work arrangements, such as becoming more proactive on promoting remote work.

Komuro: That's wonderful. Do you have a message to all your employees?

Wakabayashi: To all of us in the management, I believe that we all hold some unconscious bias (implicit prejudices) built up over our careers. It may be difficult to dispel it all at once, but I hope that bit by bit, we can change our mindset. To the young and mid-level employees, I will instill a culture in which everyone can speak frankly and freely. I look forward to seeing the establishment of bottom-up value creation as all of you contribute fresh ideas.

Komuro: I hope that the management will be able to increase their range of management styles for value and victory moving forward, without having to deny their past selves. In Japan, there have been many cases in which people who had served in outstanding roles fall ill all of a sudden or get a heart attack after retirement. If companies could enhance psychological safety in the workplace, people would not have to mistreat themselves under excess pressure and stress, and everyone will be able to retire in good health and enjoy their lives. It is for the good of your own lives as well to move on to new management styles. I wish the best for all of you. Thank you once again for this opportunity today.

