

Aeon's promotion of women improves performance

Japanese retailer bucks trend and increases number of female store managers

A leading Japanese retailer is breaking the mold when it comes to promoting women to managerial positions. Although the number of female managers in Japan is generally much lower than in most other developed countries, Aeon has reaped the benefits of diversity while managing to minimize the risks of breaking with tradition.

Aeon was established in 1969 and, by 2001, was the top retailer in Japan, as measured by annual sales. It operates more than 300 stores throughout the country, under the Jusco, Max Value and other names. It has hired hundreds of female graduates each year since it began and almost half its employees are women. Yet, at management level, the male to female ratio remained at 95:5 through to the mid-1990s.

Few female managers in the early days

In 1996, there was only one female store manager in the company, so a program to develop the role of women was implemented. By 2002, the number of female store managers had increased 12-fold and the company also enjoyed strong sales and profit growth.

The company's early attempts to promote women failed because of the close link between mobility and promotion and the high rates of women leaving at an early age, long before they had gained the necessary experience to move up to a more senior position.

Aeon regularly opens new stores, and closes unprofitable ones at a greater rate than its competitors. Each time it creates a new large-scale store, up to 200 employees are relocated nationally. Since 1992, it has been company policy to let every employee choose his or her career path from three options – national relocation, regional relocation or no relocation.

If an employee is willing to relocate nationally, there is no upper limit on his or her possibilities for promotion. However, if the employee is region-specific, there will be no opportunity to be promoted higher than department manager. If the employee has no relocation flexibility, he or she will not be offered a position higher than section supervisor, which is the management entry level. Most women over 30 have chosen lower levels of willingness to relocate, seemingly to accommodate the career of their husbands, and so have limited their chances for professional advancement.

The average age at which an employee is promoted to the lowest managerial position is 32, but many women leave the company before this age, which helps to explain the low number of female managers.



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New president and new plan for promotion

In 1997, the then-new president, Motoya Okada, began a plan to accelerate the promotion of women. Promoting females became one of the company's ten most important initiatives.

Aeon had three reasons to encourage the promotion of women:

1. Motivation of female employees needed to be improved. Women constituted more than 50 percent of the total regular employees at the company.
2. Women needed to be promoted as a symbol of the new merit-based human-resource management system.
3. The company planned to increase the assortment of goods targeting female customers and, in order to compete with foreign-capital retailers expected to enter Japan in 2003-2005, Aeon wanted to increase the number of female merchandisers who had a good eye for trendy goods.

During 1997, top management decided to promote ten women to store managers among the five internal divisions, but at the first screening process there was no female employee at the prerequisite grade for a store-manager candidate. In response, the company lowered the requirement by one or two ranks and subsequently identified some candidates.

The women chosen from among Aeon's female employees did not, therefore, have the usual qualifications for a store manager post. Instead, they were picked for ability and their general lack of experience was overlooked. To make up for this, well-qualified subordinates were assigned to female managers' stores to support them. In addition, women store managers were assigned to male superiors who were experienced in developing the skills of women managers.

Allocation of resources

Resource allocation was also prioritized to support female store managers. So, for example, funds for store renovations were distributed to each female shop chief. Moreover, company missions or the direction of the company were directly cascaded to female shop chiefs from top management. Their stores were selected as models in executing company projects such as the "taking action for ecology" campaign.

The company let these new store managers gain confidence in themselves and praised them in front of fellow store managers in the same division. This led to the steady improvement in the performance of female store managers and their achievements stirred a competitive spirit in their male counterparts.

A major contributor to the success of this accelerated-promotion process was employees' attitude towards top-management decisions and a strong willingness to follow direction from the top.

Aeon had become more centralized during this period because of:

- *Market uncertainty and the speed of change.* It was important to control merchandise centrally instead of allowing each store to try to predict market demands.

- *Competition.* foreign retailers such as Wal-Mart were entering the Japanese market, making Aeon employees more willing to adapt to radical changes from a strong central leader such as Motoya Okada.

What female store managers achieved

Female managers have proved adept at motivating their staff to be more creative in meeting targets in short periods of time. One female manager at a large-scale store motivated her part-time and women employees by setting a good example for them to follow. She also:

- had a one-to-one meeting with every part-time employee to remove the boundary between them and full-time employees;
- held a meeting with all part-time employees together each day;
- held a birthday party for part-time employees once a month;
- attempted to memorize each part-time employee's name and speak to him or her at her store; and
- promoted those who were willing to work hard to the position of team leader.

The store manager became a career model for regular female employees and improved the operating profit at her store by allowing women to think about solutions to their store floor development. She also occasionally worked as a cashier to monitor her store floor – which resulted in the corporate strategy “never let our customers wait for cashiers”.

This store manager's stance encouraged employees to come up with fresh ideas which resulted in higher profits. Aeon believes that men can take the same approach, so the same effort is being made at other stores, with good results. The company is aiming to promote mutual learning of skills between men and women company-wide.

Comparison with competitors

Aeon took a different approach to the promotion of women at the time, compared to other major Japanese retailers such as Ito-Yokado and Daiei.

At Ito-Yokado, most women managers are buyers, manage only female subordinates, or handle external parties in staff roles such as public relations. They are not thought to be core members of the company. Aeon, on the other hand, has put women in line positions that directly affect firm performance.

While Ito-Yokado is orientated towards keeping traditional Japanese management practices, Aeon tries to blend the best of foreign policies into a hybrid management style that works in Japan.

A common issue among many Japanese companies is how the number of management positions is decreasing or remaining stagnant. In 2000, Ito-Yokado opened only one store, yet Aeon opened 27. Aeon also raised its part-time to full-time employee ratio to be competitive with Wal-Mart, so the motivation of part-time employees was highly prioritized at Aeon – an area where female leadership skills could be beneficial as most part-timers are women. Aeon also had an advantage in its internal labor market as it has been hiring hundreds of female graduates since 1969. Although many resign, 10 to 20 percent work continuously after the age of 30, or their marriage, giving the company a great abundance of well-educated females in its labor pool.

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Companies in Japan usually prefer relatively small changes that will have little effect on the whole firm. Aeon is rare in the way it changed its organization dramatically through top-down initiatives and improved organizational performance through the promotion of women.

Comment

This review is based upon "Succeeding where others fail to try: a case study of diversity management in the Japanese retail sector", by Mami Taniguchi (2002), which provides a rare and useful insight into a Japanese retail company that enjoyed strong leadership and was rewarded for taking risks.

Note

David Pollitt, *Human Resource Management International Digest* editor, wrote this article.

Reference

Taniguchi, M. (2002), "Succeeding where others fail: a case study of diversity management in the Japanese retail sector", *Career Development International*, Vol. 11 No. 3, pp. 216-29.

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