Tackling Childcare: The Business Case for Employer-Supported Childcare

CASE STUDY

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Financial Services, Japan
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### Leave policies

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid maternity leave</td>
<td>Yes</td>
</tr>
<tr>
<td>Paid paternity leave</td>
<td>No, Parental leave is available to men</td>
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<tr>
<td>Paid parental leave</td>
<td>Yes</td>
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</tbody>
</table>

### Legal obligation for employers to support childcare

#### 0-2 years

<table>
<thead>
<tr>
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<th>Yes</th>
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<tbody>
<tr>
<td>Based on the number of female employees?</td>
<td>No</td>
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<tr>
<td>Based on the number of employees regardless of gender?</td>
<td>No</td>
</tr>
<tr>
<td>Special legislation on employer-provided childcare?</td>
<td>No</td>
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</table>

#### 3-5 years

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<tr>
<td>Based on the number of female employees?</td>
<td>No</td>
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<tr>
<td>Based on the number of employees regardless of gender?</td>
<td>No</td>
</tr>
<tr>
<td>Special legislation on employer-provided childcare?</td>
<td>No</td>
</tr>
</tbody>
</table>

### Government incentives to employers to support childcare

| Tax benefits to employers to support childcare? | No |
| Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits) | Yes (subsidy to cover nursery building and operations expenses) |
| Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits) | Yes (subsidy to cover nursery building and operations expenses) |

### Quality of private childcare services

| License or registration required? | Yes |
| Zoning requirements? | No |
| Pupil-teacher ratio required? | Yes |
| Penalties for non-compliance with laws? | Yes |

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*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit *wbl.worldbank.org*
PARENTS, WORK, AND CHILDCARE IN JAPAN

The large majority of Japanese women under the age of 65 are in the workforce, and most married women work, a stark reversal from 35 years ago (Gender Equality Bureau Cabinet Office, 2016). Yet, mothers are less likely to be employed in Japan than in many other high-income economies (OECD, 2016) and more than 60 percent of working women leave the workforce when they become mothers, often for several years (Gender Equality Bureau Cabinet Office, 2016). This loss of experienced women from the workforce is costly to Japanese employers, and the Japanese economy more generally. By their late 40s, many of these women have returned to work, but are concentrated in low-wage, part-time, or temporary positions (Statistics Japan, 2016). Many large companies continue to follow a dual-track career system, where opportunities for advancement to management are limited to those who have continuity of employment and are able to relocate across the country. Employees are typically hired straight out of university and those who interrupt employment, and/or are unable to relocate, are typically limited to less senior and/or more administrative positions. The options for mid-career recruitment and reentry are limited. Japan, moreover, has a large gender wage gap, reducing incentives for educated women to return to employment (Kato and Kodama, 2015).

Being a working parent is difficult in Japan (OECD, 2016). There are long waiting lists for daycare, and privately run centers are expensive (Osaki, 2016). Long commute times can act as an additional barrier to combining employment with family care (Abe, 2011). The gender division of unpaid family care work is particularly unequal in Japan (Addati et al., 2016). A culture of long working hours further impedes work-family balance, and reduces fathers’ scope for sharing family work (OECD, 2015). Although parental leave policies apply to both parents, only 2 percent of fathers took such leave in 2014 (Gender Equality Bureau Cabinet Office, 2016).

The difficulties of combining employment with parenthood are one factor in the dramatic fall in birth rates in Japan (Kato and Kodama, 2015). Japan has one of the lowest birth rates in the world (Gender Equality Bureau Cabinet Office, 2016).
Low birth rates are a major contributing factor to the aging of Japanese society and to comparatively high levels of skill shortages experienced by Japanese companies (Ganelli and Miake, 2015). In recognition of the economic costs of low birth rates and women's lower economic participation, the Japanese government has introduced policy measures to reduce barriers to being a working parent, including a year of paid parental leave for both mothers and fathers, a right to work part-time until a child reaches age three, and substantial investments to increase the availability of childcare (Gender Equality Bureau Cabinet Office, 2016). The Japanese government also announced targets to increase women's share of senior management positions to 15 percent in the private sector by 2020. Private companies are expected to play an active role in promoting gender equality and women's economic participation. Under the 2003 Act on Advancement of Measures to Support Raising Next-Generation Children (extended in 2013), all companies with more than 100 employees must develop and publish plans for achieving work-family balance for employees raising children (Umeda, 2014).
you have diversified ideas, views, and working style. That will enlarge the scope of the business and create more energies. Diversity is critically important for any firm.”

The Bank is particularly aware of the need to grow the number of women employees ready to take senior management positions. Currently, only 4.5 percent of senior management positions and 14 percent of all management positions are held by women, although half of the workforce is female. As is still common for many large Japanese corporations, employees are typically recruited straight out of university, at age 23, and are expected to stay and grow with the company (Kambayashi and Kato, 2017; Araki, 2006). The Bank hires employees into three different categories: Core Officers, expected to be fully mobile across different locations (50.9 percent of employees, 7.9 percent female); Limited Area Specific Core Officers, exempted from mobility and transfer requirement (18.6 percent employees, 93.5 percent female), and Associates (30.1 percent of workforce, 97.7 percent female). Traditionally, it has been difficult for women to leave employment and return to a career position later.

The typical age for first birth for women in the Bank who become mothers is 30 or 31. Losing an employee because of motherhood at that stage means losing several years of training and experience. Moreover, given the Bank’s focus on growing talent from within, vacant positions are typically not filled through external recruitment. The costs of losing experienced female workers have grown as a result of changes in retail banking, where most of the Bank’s female employees work. As technology and the customer base have changed, routine aspects of work have decreased, and demand for expertise has increased. Success in retail banking increasingly depends on providing customized advice to customers, developing long-term relationships, and having in-depth knowledge of a range of sophisticated options. Feedback from customers suggests that the loss of continuity of contacts and expertise when women employees leave after childbirth is detrimental to customers’ perceptions of quality. Recognizing these factors, in 2005 the Bank’s board instructed it to investigate how to increase women’s retention by setting up a Women’s Working Environment Promotion team for promoting the role of women in the workplace.

### In 2016, women at the Bank in Japan were

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>senior managers/heads of departments</td>
<td>4.5%</td>
</tr>
<tr>
<td>middle managers</td>
<td>14%</td>
</tr>
<tr>
<td>people in the management succession pool</td>
<td>20%</td>
</tr>
<tr>
<td>permanent employees</td>
<td>49.5%</td>
</tr>
<tr>
<td>employees without supervisory responsibilities</td>
<td>77%</td>
</tr>
<tr>
<td>temporary and contract employees</td>
<td>90.1%</td>
</tr>
</tbody>
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![Photo: Courtesy of The Bank of Tokyo-Mitsubishi UFJ, Ltd.](http://example.com/photo)

ILLUSTRATION FROM TOMO-NOBI-MAMA, A BROCHURE FOR WOMEN WORKING AT THE BANK.
Approximately 17 percent of the Bank’s employees have children under age five, with no difference in this rate between female and male employees. This shows the success of the Bank’s policies, which are encouraging mothers to stay rather than leave the Bank to take care of young children as was the case before the policies were introduced. Yet, because in the past most women left employment when they became mothers, male employees are more than twice as likely as female employees to have children under age 18.

**HOW THE BANK SUPPORTS ITS EMPLOYEES WHO ARE PARENTS**

The Bank’s focus on supporting working parents and reducing the loss of talent represented by the resignation of new mothers began in 2005, when the Bank formed a Women’s Working Environment Promotion team. The team consisted of eight female managers who began by conducting a survey of female employees at the Bank on the working environment for women and steps for creating a more women-friendly working environment. Responses to the survey highlighted difficulties with finding childcare, the desire for leave beyond...
Case Study: JAPAN

Maternity leave

In 2016, more than 1,500 women in the Bank were on maternity leave, according to the Bank, a higher number of women than in any other Japanese company. The take-up of maternity leave has increased steeply since the Bank began its focus on greater gender equality a decade earlier (see Figure 2). In 2007, only 294 women took maternity leave.

Under Japanese law, mothers are entitled to 14 weeks of maternity leave, starting six weeks before childbirth and paid at two-thirds of their salary by a government insurance program. Both women and men are entitled to partially paid job-protected parental leave until the child is 12 months old. When the Women’s Working Environment Promotion team conducted its survey in 2006 it became clear that many women felt that returning and having their child in a childcare center after 12 months was too soon. In response, the Bank added the option of an additional 12 months of unpaid, job-protected leave. Many women were also not able to see how they would combine work and motherhood given the long work hours (see the next section). The D&I team’s work on encouraging women to take maternity leave has evolved over time. Initially, its focus was on encouraging women to stay with the company and use the leave available to them. Although this remains important, since 2014 there has been a more explicit focus on helping women return to work earlier because an absence of two years,

The Bank has seen two phases in the evolution of its work-life balance policies, the first phase beginning in 2006, and the second in 2014. During the first phase, activities focused primarily on mothers, through extended maternity leave, childcare supports, reduced and flexible working hours, and the highlighting of female role models. During the second phase, the emphasis shifted on gender equity and cultural change more generally, particularly on tackling the long work hours culture. The Bank’s benefits are available to both male and female employees, yet shifting men’s behavior has been much more of a challenge. The Bank has designed resources specifically for fathers and, as with women, is pursuing an active communication strategy to identify role models of men who are actively engaged in fatherhood.

The Bank supports its employees with extended maternity leave, childcare subsidies, childcare leave, assistance with finding childcare, flexible starting times, reduced working hours and overtime exemptions for new parents, and initiatives to create healthier working hours (see Figure 1).
or four years for women who have two children, is a substantial gap in terms of their career development. An additional incentive for coming back earlier is that it can be easier to find a childcare place before the child is two years old; demand for childcare increases strongly once children are two. During the first phase, between 2006 to 2013, the average length of parental leave taken was more than one year in addition to maternity leave; since the second phase of the policy began in 2014, the average length of parental leave for those who returned by March 2017 has been less than one year.

**Supports for pregnant women and new mothers**

The Bank has introduced policies to support new mothers before, during, and after maternity leave. Prior to beginning maternity leave, all women meet with their line managers, who encourage their return and help them address any concerns about being a working mother. All new line managers are trained to conduct these discussions (with role play and suggestions for how to address different concerns and questions) and can link women to resources and tips for working parents. The new mother and her supervisor have another dedicated meeting before she returns to smoothen the reentry.

While on parental leave, all employees have access to the “wiwiw” online support program. The wiwiw program is designed to make it possible for new mothers to keep in touch with the workplace; provides access to online resources related to their return to work, such as information about childcare facilities and tips for working parents; and helps them keep their skills up to date or develop new ones, through English language courses or new technologies classes, for example. Just as important as providing resources for parents is wiwiw’s role in encouraging communication between line managers and employees, and to provide resources for managers on how best to manage and support employees on parental leave. The wiwiw program will send a monthly reminder to the line manager, such as “your employee’s child is now three months old [or 11 months old],” to emphasize the point that, even though she is on maternity leave, the employee is still a member of the supervisor’s team. It encourages supervisors to reach out to their employees on leave and to keep communication open.

Wiwiw is managed and administered by an outside company, and the Bank does not produce any of the webpages or content. Staff at the D&I Office came across a similar program run for a large cosmetic company and worked with the program designers to develop a customized product relevant to the Bank employees.

### Parental Leave at the Bank

**In 2015–2016, 1,525 women were on maternity/parental leave**

**In 2015–2016, 555 men (26% of new fathers) took parental leave**

**In 2015, over 90% of women who returned from maternity leave were still employed one year later**

**In 2016, 761 women returned from maternity leave**

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“One of the mothers I supervise was able to relocate to a branch 10 minutes’ walk from the childcare center when she returned from maternity leave, and because of this she was able to work until 7 p.m. and pick her kids up straight after work.”

Yuuko Nishio, Chief Manager, Retail Branch Management Division
Childcare supports

The Bank provides generous financial subsidies toward the costs of a place in a childcare center for its employees. Subsidies were introduced in 2007 and are available for employees’ children from birth to the third year of elementary school (for aftercare). For women wanting to return to work before the child reaches age one, which is rare in Japan and also at the Bank, subsidy levels are higher in recognition of the higher costs of infant care. Supply of infant care is limited; using a nanny to provide in-home care is expensive and uncommon. Parents of infants under age one need to cover the first 100,000 Japanese yen ($900), and are reimbursed for any remaining fees up to 200,000 Japanese yen ($1,800) for up to six months. The Bank pays half of the costs of center or after school care, up to a capped maximum of 20,000 Japanese yen ($180). Subsidies are available to female and male employees and take-up is high; in 2016, more than 4,000 female and 1,000 male employees received childcare subsidies. The benefits are open to all employees with children in the age range.

For many families, the biggest barrier to finding childcare is not cost but supply. Finding a space can take a lot of time and create frustration. One mother of a four-year-old and member of the D&I team explained that since she returned to work at the end of her two-year maternity leave she has had to find a daycare no fewer than three times, once because she moved to Tokyo from another location, once because her daycare facility simply closed, and once to move from the less-than-ideal private nursery she chose on an emergency basis to a higher-quality center where she and her daughter were happy. To make it easier and less stressful to find childcare, in 2016 the Bank entered into a contract with an organization that will help its employees identify suitable childcare centers with vacancies. Employees can use this service free of cost. To supplement childcare resources, Bank employees can also use a babysitting service at a subsidized rate. The Bank pays for the membership of the babysitting network, and the employee pays the babysitter’s hourly rate. Since both services were only introduced recently, no information is yet available on their impact.

To support returning mothers, the Bank also introduced a relocation option for new mothers to move to a branch closer to their home or childcare place. Yuuko Nishio, Chief Manager, Retail Branch Management Division, explained how

“I took five days paternity leave at year-end when we were less busy. I often talk about my family at work, and everyone is supportive of me taking an active part in raising my children. I always try to do my work swiftly and use my time effectively so that I can respond to that unexpected call from daycare if I have to.”

Father of two and married to a spouse who is also employed (MUFG Diversity Report, 2016)

“When we started the second phase, training for line managers on how to support their female employees during pregnancy and return to work was a compulsory program. Now we only need such training for new managers. It has become a standard part of our culture.”

Nobue Kamba, General Manager, Diversity & Inclusion Office
this option helps working mothers: “One of the mothers I supervise was able to relocate to a branch 10 minutes’ walk from the childcare center when she returned from maternity leave, and because of this she was able to work until 7 p.m. and pick her kids up straight after work.”

The Bank does not offer workplace crèches at any of its facilities because working mothers in the Bank are primarily employed in the retail branches, and while several mothers may work in each branch, typically there are not enough in any one branch to warrant a dedicated crèche facility.

Childcare leave
Employees with children under age nine can take up to 10 days of paid leave per year (up to five days for employees with one child, and up to 10 for employees with more than one child) to deal with childcare-related emergencies or appointments, in addition to the annual paid time off all employees receive. Such leave can be used when a child is sick, for children’s doctor visits and check-ups, or to attend important school events. The childcare leave is a well-used benefit, particularly for parents of children under age five. In 2015, almost 1,400 women used the benefit, primarily women with children under age five. Although women mainly use this benefit, in 2015 97 fathers, including 72 fathers of children under age five, used the benefit. Although employees can take up to 10 days of leave, the average is well below that, for both women and men (3.9 days used on average by mothers, and 2.8 days by fathers).

Reduced working hours and flexible schedules
The Bank’s internal 2006 survey and external research show that long and rigid working hours are almost as important a reason for new mothers to delay returning to work as lack of childcare. To meet these concerns, the Bank offers an extensive set of options for making working hours more manageable. These options are available irrespective of gender, and several are open to all employees, whether they have children or not.

Under Japanese law, new parents, both mothers and fathers, have the right to work a reduced schedule (with prorated pay) of six hours per day until the child reaches age three (Nakazato and Nishimura, 2014). The Bank has extended this option until the youngest child reaches age nine. Parents can also choose different schedules, with earlier or later starting times, to fit in with their childcare arrangements. For example, many parents work from 9:10 a.m. until 4:40 p.m. The reduced hours option is popular and take-up has grown in line with the number of women taking maternity leave, from fewer than 100 workers in 2007 to more than 1,000 in 2016, two of whom are fathers. New parents are also exempted from working overtime. Workers can choose from a range of start and finish times to find a pattern that works for them.

Having many employees working reduced hours is not necessarily easy. Daycare and school do not cover evening hours when branches are still open, or when workers at the headquarters may need to be available for meetings with colleagues or clients in other time zones. Yet, having a manager work reduced hours can provide opportunities for

“Sometimes it can be difficult to keep a balance between what I’m doing in the home and in the workplace. The flex option scheme gives many choices to working mothers. Depending on their situation, they can pick up whatever is appropriate to their needs. I recently used flexible working option when my husband couldn’t send the kids off like he usually does, and instead of coming in early, I just switched to the later start time of 9:10 a.m.”

Member of D&I team, mother
more junior staff to step in and learn, in addition to sending the important message that it is possible to be a working mother and a manager at the Bank. Reiko Sugou, Deputy General Manager, Global Service Center, explained, “One of the team leaders I supervise has three kids, and is using the shorter working hours option to leave at 4:40 p.m. The extra work that someone in her position would usually do is covered by her younger colleagues. While this may look difficult it has two benefits: the younger workers learn about the kind of work she does; and they have her as a role model, showing that it is possible to be a manager as a woman and mother.”

Reiko Sugou, Deputy General Manager, Global Service Center

The reduced and flexible working hours system at the Bank has led to a search for more effective working. Yuuko Nishio, Chief Manager, Retail Branch Management Division, described how in response to an increased number of women with reduced schedules and overtime exemptions in the branch she managed, she and her staff conducted a systematic review of the type of work that was usually done, prioritizing between routine and nonroutine work, and differentiating between tasks that could be done by associates or by junior professional employees as part of their career development, and tasks that required a more senior staff member. In the process, it was possible to eliminate some tasks, to cover the required work, and to substantially raise productivity per hour. She added, “To make the flexible working hours system work, it is important to be aware of potential backlash from workers who do not have kids. I make clear that everyone should have some time off, that younger or childless workers should not feel obligated to forgo their leave because they feel the work will not get done.” Although the Bank initially focused on encouraging women to use the reduced working time option, as it has become more common for mothers to return to work, the focus has shifted to encouraging mothers to return to work full time and not wait until their children are three years old.

Promoting more effective working time with “My Style” cards

Although mothers are encouraged to work more hours, and full time if they can, everyone is encouraged to work fewer hours overall to find a more reasonable, productive, and healthy middle ground. The goal of the D&I Office is to ensure that shorter working hours become more common for all workers. As long as only women with children use the flexible and reduced hours options, it is unlikely that they will have an equal opportunity to progress. As a member of the D&I team explained, “Some managers think ‘Oh this woman is using shorter working hours so I won’t give her many tasks,’ but that will discourage her and make her less willing to perform. Change is a joint responsibility: managers should treat all workers the same, and should focus on their ability irrespective of how many hours they work. And at the same time, employees shouldn’t simply take advantage of these options, and should focus on contributing to the Bank.” Younger women may observe that those who use the flexible options are not taken as seriously or are perceived as less career motivated; this might discourage them from stepping into leadership positions.

As a fun way to change the working time culture, the Bank has developed a system of simple cards that workers can
display on their desks, indicating when they intend to leave the office that day (see Figure 3). For workers who need to leave early, the card eliminates surprises from colleagues who know they should approach them before they leave. For workers who stay late, especially if they do so frequently, it is a message to their manager to discuss why such long hours are necessary, and to work with the employee to find a way to distribute work in a more manageable way. Apart from communicating their working hours to colleagues, employees can use the cards to communicate about working hours and work organization with their managers. Under the *iku* management style, line managers are encouraged to sit down with their employees and develop a five-point statement on how to improve job satisfaction and create a productive work environment. The *iku* system was started in 2016 and resulted in over 500 *iku* declarations from managers in just two months.

**Fathers at the Bank**

Encouraging fathers to use the Bank’s parental policies is an important part of the Bank’s diversity strategy. The D&I Office is keenly aware that both male and female employees have children, and that it will be difficult to create a workplace where employees with children can succeed as much as others if only female employees with children use the childcare benefits. Although men at the Bank are as likely as women to be parents of preschool children, and are the majority of those who use childcare subsidies, it is much less common for them to take parental leave. Altogether in 2015, 235 men used parental leave, compared with 1,995 women. As a male member of the Tokyo D&I team explained, “It still causes surprise when a male worker with kids needs to take leave because his kids are sick. The reaction is ‘Oh, really?’ It is important to change the culture so that everyone who has kids—regardless of whether they are men or women—can be a good parent and benefit from the childcare policies.”

In 2016, the Bank published ‘HUG-kumu,’ a booklet on ECD highlighting the positive role fathers play in their children’s development. The booklet illustrates that how much fathers do at home impacts how much mothers can do at work. It includes a daily schedule (see Figure 4) with crunch times in terms of childcare tasks to encourage fathers to share childcare-related tasks and more equally divide their time between work and home. To strengthen its message to men, the D&I Office disseminates internal communication materials with male employee role models who are active fathers and use the benefits.
Cultural change and diversity

The Bank is dedicated to changing cultural attitudes toward work and family within the Bank. Activities include encouraging Kagaya Kids’ Day, or ‘bring your children to work’ days; the dissemination of stories of women and men who successfully combine parenthood with a career; mentoring opportunities; and a training program for managers to better support employees with kids.

Diversity management at the Bank is integral to developing good managers, and all managers receive diversity training, which focuses on valuing and supporting workers of different genders, ages, and family arrangements, and also draws attention to any unconscious bias that influences how managers support and evaluate women employees, irrespective of whether they have children. As General Manager of the Human Resources Division, Hiroshi Takekawa explained, “Our goal is to create an environment where women can succeed without thinking ‘This is because I am a woman,’ an environment where they no longer feel that their gender matters and they can continue to work just as their male colleagues.”

BUSINESS IMPACT OF THE BANK’S SUPPORTS FOR WORKING PARENTS

The Bank’s policies for supporting working parents are informed by a clear business rationale. Childcare subsidies and other policies to support working mothers were initiated to address the negative impact on consumer service of the loss of experienced women workers. By providing these supports, the Bank has dramatically improved retention and positively impacted recruitment, and has addressed the factors that negatively affected customer development. These policies have some costs, but once the costs of training a new worker are accounted for, they are more than fully recouped. That said, CEO and President of Mitsubishi UFJ Financial Group Nobuyuki Hirano explained: “This is not a project where we..."
view return on investment as a high priority; this presents a long-term investment for us to achieve the diversity that will help the Bank succeed in years to come.”

Implementing the new policies involved some costs for the Bank. The costs of salaries during the statutory maternity and parental leave (of 12 months) are mainly covered by social insurance. The Bank pays for childcare subsidies, membership in the babysitting service, the wiwiw portal to support new mothers and their managers, and for the childcare leave paid time off.

**BUSINESS BENEFITS OF SUPPORTING EMPLOYEES WITH CHILDREN**

**Retention**

The clearest impact of the Bank’s childcare and maternity support policies have been improvements in the retention of women. By pursuing its targeted maternity leave and childcare support policies, the Bank has more than halved its turnover rate for women, from 6 percent in 2007 to 2.4 percent in 2016. Even though the rate for women is still higher than that for men, this represents remarkable gains.

Compared to the costs of recruiting and training a new employee, the direct expenditures related to childcare and parenting are modest. In their first year of employment, professional workers at the Bank are mainly typically trained and are not yet expected to be productive. It takes two to three years of work experience to make a full contribution in lower-level jobs. After eight or nine years, employees are ready to step up to their first level of leadership. When an employee leaves because she becomes a mother (typically after about eight or nine years on the job), her replacement has to be made internally, through a more junior employee, because the labor market for experienced professional workers is limited in Japan and rarely used by the Bank. Sugou estimates that it takes at least 12 to 18 months for a worker to become fully productive in his or her department. She conservatively estimates the wage-related replacement costs for one employee at about 5 million Japanese yen ($45,000); these costs do not take into account the time taken by colleagues and managers to train new employees, or lost productivity or customers because the employee has left. Using this estimate as a baseline, the growth in the number of women who have stayed at the Bank instead of leaving when they became mothers by more than 1,000 translates into notional financial returns of 5,000 million Japanese yen (or $45 million).

**Recruitment**

The Bank operates in a highly competitive labor market. Most recruitment efforts focus on recent college graduates, and the Bank annually hires approximately 1,000 young graduates for its career and other professional positions. The Bank’s innovative childcare and maternity leave policies are an important factor in attracting smart and ambitious young women and signaling to them that the company is willing to invest in them, whether they choose to have a family or not. A member of the D&I team who was recruited when the D&I Office began its work, and now herself speaks on recruitment panels, recalls, “I attended one of the Bank’s recruitment panels when I was a student. Hearing about the different options available to employees with children made me feel confident that I would be able to continue to work once I got married and had children. When I recently represented the Bank on a recruitment panel, I got many questions from female students such as ‘Are you really able to get that maternity leave?’ and, ‘Is it possible to come back to the Bank after the leave?’ It is important that I was able to say ‘Yes’. ”
**Productivity**
The success of the childcare and maternity leave policy and the promotion of reduced and flexible working schedules is encouraging a more effective organization of work, helping staff organize their work to achieve as much if not more in less time.

**Customer service**
The Bank’s focus on diversity and the retention of mothers began in response to concerns by the Bank’s Board about the negative impact of the loss of female staff on the quality of service and market development in its retail branches. The maternity and childcare policies have helped the Bank address this problem. Encouraging and enabling women to return to work after maternity leave helps maintain experience and customer relations in the branches.

**Diversity**
Diversity is critically important to the Bank’s business strategy and long-term vision. CEO and President of Mitsubishi UFJ Financial Group Nobuyuki Hirano emphasized, “When it comes to nurturing human resources, diversity will be key to securing competence.” The Bank’s focus on reducing the attrition of new mothers and improving gender equality has led to a substantial improvement in women’s share of leadership positions. In 2006, when diversity efforts began, women were only 5 percent of middle and senior managers; by 2010, their share had doubled to 10 percent, and by August 2016, it had increased even further, to 19 percent (MUFG, 2016). Addressing the loss of female talent because of childbirth has provided the impetus to focus more broadly on gender equality, open communication, and effective management in the Bank.

**Corporate reputation**
The Bank has received several awards for its focus on gender equality and support for working mothers, including recognition by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an exceptional enterprise in encouraging women’s success in the workplace. Such positive publicity makes the Bank more attractive to potential recruits and supports its image with customers and clients.

**LESSONS LEARNED**
The Bank’s policies for supporting parents at work have evolved over time. During the first phase, from 2006 onward, the Bank focused primarily on encouraging more women to take maternity leave and continue in employment. Policies were designed in response to feedback from female employees. Providing supports such as childcare subsidies, extended maternity leave, reduced hours option, and childcare leave, was as important as changing the perception of women and managers through communication and management training that it was possible for working mothers to be successful employees. The dramatic increase in the number of women taking and returning from maternity leave showed the success of the Bank’s efforts.

Yet the policy’s success has created its own problems. The dramatic increase in the number of women taking maternity leave and working reduced hours created the potential of human resource shortages in departments with a high number of women, and of creating a backlash against mothers, with other employees feeling that they had to make up for the

“When I recently represented the Bank on a recruitment panel, I got many questions from female students such as, ‘Are you really able to get that maternity leave?’ and, ‘Is it possible to come back to the Bank after the leave?’ It is important that I was able to answer ‘Yes.’”

Female member of D&I team
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work left undone due to their absences. Part of the response has been a much more concerted effort to encourage men to use parental leave and other childcare options. At the same time, there also has been a focus on organizing working hours more productively and tackling the long hours culture for all workers, not just parents. As Nishio explained, “Some people see it as a burden to have working mothers as coworkers. I want to change that mindset and see it as a benefit that can raise the productivity of everyone. If someone can finish up the work that used to take until 5 p.m. by 4 p.m., that extra time means they can do something besides work. Everyone is doing something besides work: raising kids, taking care of parents, or doing hobbies; everyone is balancing with something besides work. So everyone, if the productivity got improved, can use those extra hours to do something else besides work.”

Although the formal leave and reduced hours entitlements remain unchanged, the Bank at the same time is encouraging and supporting women to return to work, or change from part-time to full-time work earlier than the formal policy entitlement. Long periods of leave and reduced working hours may limit women’s advancement opportunities, and might make it less likely that the Bank will achieve its goal of gender equality in management.

The Bank has made dramatic progress in making parenthood more acceptable at work and reducing the loss of female talent, yet the lack of childcare remains a substantial barrier. The Bank’s financial subsidies help make childcare more affordable but they do not significantly expand the availability of childcare. Although the Bank is working to address these challenges, these factors are unlikely to change quickly.

CONCLUSION

In just a decade, the Bank’s investment in supports for working parents have made a dramatic difference by raising the number of working mothers in the Bank and creating a more inclusive culture for its employees. The Bank’s Diversity & Inclusion policy has been successful in improving the retention of women and increasing women’s share in management. A number of challenges remain, including the limited supply of childcare, men’s low uptake of parental leave, and the culture of long working hours. The Bank’s responsive D&I approach is evolving to tackle each of these challenges.

“Some people see it as a burden to have working mothers as coworkers. I want to change that mindset and see it as a benefit that can raise the productivity of everyone. If someone can finish up the work that used to take until 5 p.m. by 4 p.m., that extra time means they can do something besides work. Everyone is doing something besides work: raising kids, taking care of parents, or doing hobbies; everyone is balancing with something besides work. So everyone, if the productivity got improved, can use those extra hours to do something else besides work.”

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Endnotes

1 Interviews for this case study were conducted in person in Tokyo in January 2017 with a cross-section of the Bank management and staff, including the President and Group CEO of MUFG and the Bank, the Director for Planning, the Director for Human Resources, HR staff responsible for diversity management, and three departmental managers from different parts of the Bank. A discussion was also held with members of the Diversity and Inclusion (D&I) Team (Tokyo).

2 The parental leave is paid at two-thirds of earnings for the first 180 days taken by each parent, and at half pay thereafter, financed by the Employment Insurance System (Nakazato and Nishimura, 2014).

3 *iku* is the Japanese word for raise or foster.

4 HUG-kumu is an Anglicized version of the Japanese word *hagukumu*, which means to nurture a child.

5 Message from the CEO; Appendix to MUFG Diversity Report 2016 (MUFG, 2016).

References


