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PROMOTING GENDER EQUALITY IN A CHALLENGING ENVIRONMENT

THE CASE OF SCANDINAVIAN SUBSIDIARIES IN JAPAN

ABSTRACT

Purpose – Gender diversity and equality vary tremendously among countries. This is a particular challenge for foreign subsidiaries, when the level of gender diversity and equality differs between the home and host country. This study investigates how executives leading Scandinavian subsidiaries in Japan perceive gender equality in the host country, and whether and what kind of actions they take to initiate change.

Design/methodology/approach – This study is based on a qualitative analysis of 20 in-depth interviews with executives of Scandinavian subsidiaries in Japan.

Findings – Findings reveal that executives of Scandinavian subsidiaries respond to the differences in gender equality between Scandinavia and Japan with three strategies of change: resistance and rigid change, compromise and moderate change, and adaptation and maintaining. Moreover, the findings indicate that the strategy of change varies depending on individual differences of the executives, e.g., nationality, and organizational differences, e.g., subsidiary size.

Research limitations – Due to our small sample size, the generalizability of our findings is limited. Given the paucity of research on this topic, this approach provides first insights for building a basis for future studies.

Originality/value – This study contributes to the scarce literature on gender diversity and equality in MNEs by identifying strategies of how top managers foster gender diversity and equality in a foreign non-Western context.

Keywords – Qualitative, Diversity, Gender equality, Strategies of change, Institutional context, Japan, Scandinavia

Paper type – Research Paper

INTRODUCTION

Prior research has proposed that foreign subsidiaries of multinational enterprises (MNEs) will face challenges when fostering gender diversity and equality in the workplace when operating abroad (Nishii & Özbilgin, 2007) because gender roles are culturally constructed (Moore, 2015), and the level of gender diversity and equality in the workplace varies among countries. This is particularly prominent in foreign subsidiaries stemming from countries with higher gender equality, such as the Scandinavian countries, which operate in host countries with lower gender diversity and equality such as Japan. Scandinavian countries have a good reputation in terms of gender diversity and equality, as beside a high share of women in the workforce and managerial ranks, they are also characterized by a low gender wage gap (Ellingsaeter, 2013). In Japan, in turn, gender segregation is still very common and Japan is characterized by a rather low representation of women in managerial ranks, a high gender wage gap, and a low return rate after maternity (Kemper, Bader, & Froese, 2016; Nemoto, 2013b; The Economist, 2017). Our study investigates how executives perceive and respond to these differences and whether and which strategies they apply in order to increase gender diversity and equality in their subsidiary.

Our study intends to make three contributions. First, we contribute to the scarce literature on gender equality in foreign subsidiaries of MNEs. Nascent empirical research on diversity in MNEs has either focused on diversity in general or on national diversity in particular (Egan & Bendick, 2003; Nishii & Özbilgin, 2007; Peretz, Levi, & Fried, 2015; Sippola & Smale, 2007). Given the fact that pronounced differences in gender roles exist across countries (Hofstede, 2001; House, Hanges, Javidan, Dorfman, & Gupta, 2004) and that this has a strong influence on gender diversity initiatives in MNEs (Moore, 2015), we argue that gender is a sensitive topic, which requires more consideration in research on MNEs.

Second, we increase the understanding of the role of home and host country context in global gender and diversity research. Prior studies have highlighted the importance of the institutional environment when implementing diversity management in subsidiaries (Lauring, 2013; Nishii & Özbilgin, 2007; Peretz et al., 2015; Sippola & Smale, 2007). However, the majority of cross-cultural studies on global diversity management have been conducted on Western subsidiaries located in Western countries and thus in rather similar institutional home and host contexts (Egan & Bendick,

2003; Ferner, Almond, & Colling, 2005; Jones, Pringle, & Shepherd, 2000); for an exception see Luring, 2013). In contrast, we investigate Scandinavian subsidiaries in Japan where the institutional host context differs strongly from the home context. Furthermore, research on gender diversity and equality in Japan in particular is still sparse (Magoshi & Chang, 2009). Accordingly, we offer new insights into an underexplored context.

Third, increasing gender diversity and equality has proven to be a demanding and complex endeavor accompanied by numerous challenges and dilemmas (e.g., Acker, 2012). By fostering gender diversity and equality, we do not only refer to an increase of females in the workforce (diversity), but also to equal opportunities and treatment regardless of gender (equality). Previous studies have primarily captured the role of equal opportunity officers or human resource managers in these processes (Cowan & Fox, 2015; Kirton, Greene, & Dean, 2007; Lawrence, 2000). In contrast, chief executive officers (CEOs) and executives of the top management team (TMT), who exercise a great amount of influence on behavior in organizations (Hambrick & Finkelstein, 1987), have received less attention (Højgaard, 2002; Parboteeah, Hoegl, & Cullen, 2008). In this respect, we answer the call for studies exploring the behavior of top decision makers regarding workforce diversity (Ng & Sears, 2012) by investigating subsidiary top executives' strategies. These executives are of particular importance in the MNE context, as they are linking pins between home and host country. Furthermore, due to this key role, they influence if and how gender diversity and equality is implemented. Beyond identifying their strategies of handling gender diversity and equality, based on upper echelon theory (Hambrick & Finkelstein, 1987), we investigate if particular organizational and individual characteristics relate to the pursuit of a particular strategy of change. This allows us to provide implications for the selection of subsidiary executives and establishes a basis to identify candidates for these positions matching the global strategy of gender diversity and equality of a respective MNE.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

Institutional theory proposes that an organization is influenced by its institutional environment (DiMaggio & Powell, 1983). This environment of an organization can be categorized into formal and informal institutions (North, 1990). While formal institutions refer to binding rules, such as laws or constitutions, informal institutions relate to culture and conventions. These institutional factors differ between countries (Xu & Shenkar, 2002). MNEs need to consider both formal and informal institutions, because a misfit with and a lack of legitimacy in the institutional environment of the host country will endanger corporate survival (Kostova, 1999). As an MNE continues to diversify into more distant foreign markets, it is confronted with larger institutional differences (Chao & Kumar, 2010). Considering the focus of our study, gender diversity and equality, this is the case for Scandinavian MNEs operating in Japan. While Scandinavia and Japan are comparable in terms of economic development (World Bank, 2016), the countries differ considerably in terms of institutional influences on gender diversity and equality. In order to systematically present the differences in the institutional environments, we have summarized them in Table 1 and will describe them more in detail below. We start with the formal institutions by presenting the main legislation on discrimination, gender quotas, leave entitlements, and parental leave. This is followed by further gender-related indicators as well as an insight in the informal institutions, such as differences in the cultural values among the countries.

[Please insert Table 1 about here]

In both contexts, Japan and Scandinavia, antidiscrimination laws exist. In Denmark the “Gender Equality Consolidation Act” was enacted in 2002 in order to “promote gender equality, including equal integration, equal influence and equal opportunities in all functions in society.” (Danish Ministry of Social Affairs, 2002). Furthermore, direct and indirect discrimination in relations to pregnancy or family status are forbidden (Danish Ministry of Employment, 2006). Apart from that, in 2008 the “Consolidation Act on Equal pay to Men and Women” was put into force guaranteeing equal pay for equal work by law (Danish Ministry of Employment, 2008). In Norway, the Gender Equality Act was already adopted by the parliament in 1978. This act was revised in 2013 and aims at promoting gender

equality and in particular improving the position of women in the Norwegian society (The Norwegian Government, 2013). Furthermore, it promotes equality in terms of status, opportunities, and rights (Chapter 1) as well as prohibits discrimination on the basis of gender (including pregnancy or leave) (Chapter 2). Furthermore, it regulates the gender balance on public committees (Chapter 3) and prohibits discrimination in any employment relationship including promotion, training and pay (Chapter 4; The Norwegian Government, 2013). In Sweden, the Discrimination Act (2008: 567) prevents discrimination and fosters the promotion of equal rights regardless of sex. In terms of the employment relationship it states that “Employers and employees are in particular to endeavor to equalize and prevent differences in pay and other terms of employment between women and men who perform work which is to be regarded as equal or of equal value.” (Government Offices of Sweden, 2008). While gender differences have not yet been completely abolished, the Scandinavian countries have strongly fostered a gender-neutral, dual earner approach (Ellingsaeter, 2013). The Japanese government also enacted an Equality Opportunity Law prohibiting gender discrimination in 1985. Since 1999, the amended law officially forbids discriminative practices in Japan (Cooke, 2010). However, in Japan, gender discrimination in promotion remains common practice (Cooke, 2010; Benson & Debroux, 2013; Nemoto, 2013b). For instance, it is common practice in Japan to differentiate between two career paths: a management track for males, *sogoshoku*, and an administrative track for females, *ippanshoku*, with lower career perspectives regardless of their qualification (Kumamoto-Healy, 2005). According to Acker (1990) practices in Japan can be referred to as strongly gendered, because discrimination is “built into job design, wage determination, distribution of decision-making and supervisory power, the physical design of the workplace, and rules, both explicit and implicit, for behavior at work” (Acker, 2012, p. 215).

In terms of gender quotas, Norway was the first country to introduce a gender quota of 40 percent in the private sector for all executive boards in 2004 (Grosvold, Brammer & Rayton, 2007). Denmark and Sweden in turn, do not currently have a gender quota in place (The Guardian, 2017; Preisler, 2013). In Japan, Prime Minister Shinzō Abe introduced a target of 30 percent of women in leadership positions for the private sector by 2020, but recently this target was sharply reduced to 10 percent (Macnaughtan, 2015).

Regarding general leave entitlements and parental leave policies, in all countries, leave policies and parental leave policies exist, yet they vary by country (International Labour Organization, 2017; Ray, 2008). In the Scandinavian countries, employees are entitled to 25 days work leave, whereas in Japan leave is 10 days (+ extra days depending on seniority in the firm). In Sweden, parents receive 450 days of compensated leave per child, which can be taken flexibly from the time before birth until the child turns 8 years. Similarly in Denmark and Sweden, parents can take 52 and 54 weeks, respectively. In Japan, parental leave can be taken up to 58 weeks. In order to further enable women to take part in the workforce, a sufficient infrastructure has to be provided and in particular public investments in child care are of importance. While in Norway 1.2%, in Denmark 1.3% and in Sweden 1.6% of the GDP are spent on childcare, in Japan, the number is lower and only 0.3% of the GDP is spent (OECD, 2016b).

In terms of informal institutions, in Scandinavia, gender equality is an important aspect of social life. House, Hanges, Javidan, Dorfman & Gupta (2004) refer to the term gender egalitarianism, which reflects “(...) societies' beliefs about whether members' biological sex should determine the roles that they play in their homes, business organizations, and communities.” (p. 347). This measure can be associated with the cultural dimension of masculinity (vs. femininity) by Hofstede (2001). While the Scandinavian countries score low in masculinity, Japan is one of the most masculine societies in the world (Hofstede, 2001). This comes along with a traditional division of labor, where men are considered the breadwinners and females as family caretakers (Nemoto, 2013a). Accordingly, research shows that males are not expected to take care of the family life, but provide the income and e.g. only less than 3% take paternity leave when a child is born (Miyajima & Yamaguchi, 2017). In Scandinavia in turn, this is very common and the numbers range between 60% in Denmark (Bloksgaard & Rostgaard, 2017) and 89% in Norway (Brandth & Kvandt, 2016). In consequence, although inequalities between the genders are still present (Seierstad & Kirton, 2015), the current image of the roles of females in Scandinavia differs tremendously from Japan, where gender stereotyping is still commonplace and women themselves express lower levels of career ambition (Suessmuth-Dyckerhoff, Wang & Chen, 2012).

As a consequence, female workforce participation is higher in the Scandinavian countries than in Japan (68.1%) with 77.2% in Denmark, 75.9% in Norway, and 80.2% in Sweden (OECD, 2017). Furthermore, in Japan, the labor force participation of females is shaped similar to an M-curve,

indicating that there is high participation at the beginning of the career; however, most females take a break in order to take care of the family, after they get married or have their first child (JILPT, 2016). After the children have left the home, Japanese women often go back to work in part-time and low-paid positions, however, they usually do not pursue a managerial career. Furthermore, the average working hours are higher in Japan (1,700 per year) than in Sweden (1,620), Norway (1,420), and Denmark (1,410; OECD, 2016a). Additionally, in Japan, it is often required to go on evening events with coworkers. The long time at work is an additional obstacle for females who would want to continue work after having a child.

Further, the percentage of women in managerial positions differs tremendously. It is 26.5% in Denmark, 36.0% in Norway and 39.6% in Sweden, but only 12.5% in Japan (The Economist, 2017). Following these patterns, although there is still a gender wage gap existent in these three Scandinavian countries, the percentages are among the lowest worldwide: in Denmark, women are currently earning 6.3% less than men, in Norway it is 7.1 % and in Sweden it is currently 10.3% (The Economist, 2017). In Japan, however, women earn 25.9% less than men (The Economist, 2017). Taken together, these statistics show that while there is also evidence of inequality between genders in Scandinavia (Ellingsaeter, 2013), in Japan gender diversity and equality in the workplace is currently much less developed.

Diversity and equality in the foreign subsidiary

Prior research on diversity and equality in foreign subsidiaries has mainly investigated the challenges and difficulties of transferring diversity policies from headquarters (HQ) to the subsidiaries. For instance, Nishii and Özbilgin (2007) elaborate that many organizations fail in expanding their diversity and inclusion programs globally when directly exporting their domestic concepts to their subsidiaries abroad. Similarly, Egan and Bendick (2003) stress the necessity of adapting diversity and inclusion initiatives to the specific context and Guillaume et al. (2014) reveal the cultural and legal environment to affect organizations' diversity and inclusion management. Strong local resistance was also reported in a study of transferring diversity practices originating from the United States (US) to the context of New Zealand (Jones et al., 2000). Their study reveals that the established US-based understanding of

diversity and diversity management cannot simply be transferred to other institutional contexts as it misses out the local diversity aspects. In another study, Ferner et al. (2005) take a comparative institutionalist approach combined with a power/interests perspective to investigate the transfer of diversity management practices within one multinational enterprise (MNE) originating from the US to one of its subsidiaries located in the United Kingdom (UK). Their study reveals that this transfer of diversity policies and practices from one institutional (home) context, in this study the US, to another (host) context, in this study the UK, is a complex endeavor. It constitutes a trial of strength between the HQ aiming to reach global standardization and the interest of the subsidiary to gain legitimacy in the host country context (Ferner et al., 2005). Luring (2013) investigated the implementation of diversity management in a subsidiary of a Danish MNE in Saudi-Arabia. As in previous studies, he also found that local actors were resistant against the implementation. Thus, the policies were adapted and reinterpreted by the subsidiary. Even worse, he found that the subsidiary misused diversity management as a means to utilize cheap labor and even conflicted with legislation in Saudi-Arabia.

While prior studies focused on the transfer of practices to a foreign subsidiary, this study investigates how executives perceive the environment in their daily work and how they respond to it. In the domestic context, Kirton et al. (2007) investigated whether and how diversity professionals acted as change agents in organizations and examined their strategies of change. They showed that diversity professionals' responses varied from an uncompromising, fully encompassing approach to implementing gender equality, to negligible and incremental steps. In between these two extremes, they referred to the concept of 'tempered radicalism' introduced by Meyerson and Scully (1995). 'Tempered radicals' are caught in between their own values and enacted values in their environment. Meyerson (2001) defines them as "people who want to succeed in their organizations yet want to live by their values or identities, even if they are somehow at odds with the dominant culture" (p. xi). These individuals are radical, because they highlight the need for change and authenticity, and tempered, because they need to hold back their emotions and align their actions in order to succeed in their organization. Kirton et al. (2007) conclude that the tempered radical approach is often applied, because the various corporate stakeholders rarely accept the radical approach. Similarly, Battilana (2011) found

that change initiatives with a high divergence from the status quo are difficult for executives to implement and maintain.

In the context of our study, executives of Scandinavian subsidiaries in Japan are in the challenging position of balancing stakeholders not only in one local context, but two different contexts, the Scandinavian and Japanese. As the host country institutional environment exerts a considerable effect on the adoption of practices in foreign subsidiaries as well (Edwards, Sánchez-Mangas, Jalette, Lavelle & Minbaeva, 2016), it is important to pay close attention to the environment. In their roles as decision makers, executives have, however, also a leeway in responding to the institutional environment and the authority to implement changes in the foreign subsidiary. To shed further light on their experience and strategies, this study addresses the following first research question:

"How do executives of Scandinavian subsidiaries experience gender diversity and equality in Japan and how do they respond?"

In addition, we aim to dive deeper into factors that relate to the adoption of a certain way of action of how to deal with the current situation in the subsidiary. Upper echelon theory proposes that demographic variables influence managerial action (Finkelstein & Hambrick, 1996; Hambrick & Mason, 1984). In this line of research, in the domestic context, individual characteristics such as gender, age, nationality, tenure, and education of executives have been associated with diversity-related outcomes (Ng, 2008). Beyond these characteristics, other variables more specific to the MNC context might be of importance. MNCs often employ expatriates in managerial positions. Individual characteristics of these expatriates such as language ability (Bhaskar-Shrinivas et al., 2005) and duration of expatriate assignments (Tahvanainen, Welch, & Worm, 2005) have been shown to influence their adjustment to the host country. For instance those, who go abroad only for a shorter period, are less willing to adjust and often more rigid in applying home country standards (Tahvanainen et al., 2005), which might also have an influence on the choice to change or maintain the status quo. Therefore, we investigate various individual characteristics that might influence the choice of strategy. Beside individual characteristics, organizational characteristics also influence managerial

action (Hambrick and Mason, 1984). Therefore, in our study, we are interested in both organizational and individual characteristics that influence the strategy of change of the executives. Thus, we aim at answering the following, second research question:

"Which organizational and individual characteristics influence the choice of action?".

METHODOLOGY

Due to the limited prior research on gender in foreign subsidiaries of MNEs, we conducted an exploratory, qualitative study (Doz, 2011). Consistent with prior qualitative research in the context of foreign subsidiaries, our study relies on 20 semi-structured interviews (e.g., Maharjan & Sekiguchi, 2016). We conducted these interviews with CEOs or members of the TMT of Scandinavian subsidiaries in Japan. These executives are in close dialogue with the HQ and are competent in contrasting the home and host context of these MNEs.

Data collection and sample

Similarly to other Asian countries, where relationships are important cultural anchors, getting access to local individuals in Japan can be challenging for foreign researchers (Woodhams, Huiping, & Lupton, 2015). Therefore, we collaborated with the Japanese branches of the chambers of commerce from Denmark, Norway, and Sweden. They provided us access to a list with contact details of 170 Danish/Norwegian/Swedish organizations currently operating in Japan. Our intention was to interview executives of a broad range of organizations, spanning different industries, in order to identify general patterns. Thus, we contacted all of these 170 subsidiaries and invited the CEO (alternatively vice president HR) to participate in our study. Although data was saturated after 15 interviews (Denzin & Lincoln, 2011), further five interviews were conducted to validate the data. We conducted interviews face-to-face (80 percent) or over the phone (20 percent), depending on the preference of interviewees. The interviews lasted between 35 and 75 minutes ($\bar{\varnothing}$ 58 minutes). We conducted semi-structured interviews, because they assure consistency, but also embrace new aspects during the interview (Myers, 2013). The interview guide consisted of three parts. The first part covered information about the

interviewee and the subsidiary. The second part dealt with the culture of the subsidiary, gender equality initiatives, and their implementation. The third part covered the collaboration and the institutional differences between the subsidiary and the HQ (context).

We used open-ended questions as well as the critical incident technique (Flanagan, 1954) to allow interviewees to reconsider their experiences. In order to meet standards of authenticity in our research, we referred to the criteria of Lincoln and Guba (1985). To create an open atmosphere and to receive reliable information, interviewees have been openly informed about our research endeavor and were granted anonymity. Furthermore, they were given any chance to voice questions in order to ensure an open atmosphere, so they could share their experiences without concerns (fairness). Additionally, the interview guide was designed in order to make them reflect on their experience and compare their own experience to that of others (ontological and educative authenticity). Afterwards, a report was shared with all interviewees who included ideas on how to foster gender diversity and equality in the subsidiary (catalytic authenticity). However, there were no individual consultations in terms of specific actions that could be taken in a particular subsidiary (tactical authenticity, Lincoln & Guba, 1985).

As intended, the final sample is composed of interviewees from a variety of different industries and subsidiary sizes (see Table 2). Six subsidiaries operated in the retailing industry, five in the healthcare sector, four belonged to the manufacturing industry, another two were operating in consultancy, two in IT and one organization belonged to the electricity sector. Fourteen of our interviewees were CEOs and six were other TMT members responsible for HR. Seven interviewees were of Japanese origin, the remaining thirteen executives were foreigners, most of them from Scandinavia. Furthermore, seven interviewees were female, which is a much higher share than the average of female executives in Japan. The average age of the interviewees was 47.3 years with average subsidiary tenure of 7.7 years.

[Please insert Table 2 around here]

Data analysis

All interviews were recorded and transcribed verbatim (Brinkmann & Kvale, 2015). To analyze our data, we used the software MAXQDA Version 11. To answer research question one, we used content analysis (Payne & Payne, 2004). In an initial stage, we developed a coding scheme which broadly covered descriptions of gender diversity and equality in the home and host country as well as actions taken in order to increase gender diversity and equality in the subsidiary. By doing so, we identified patterns in the data indicating that the actions taken showed similarities between the interviewees. Accordingly, the codes were grouped in higher order headings which we refer to as three strategies of actions. They were labeled: resistance and rigid change, compromise and moderate change, and adaptation and maintaining status quo which we will elaborate on in the findings section. These findings were very similar to diversity change strategies identified in the domestic context by Kirton et al. (2007) who found that diversity professionals' responses varied from an uncompromising, tempered, and fully encompassing approach.

In order to answer research question two and gain insights in commonalities and differences between executives employing the three different strategies, we conducted an additional phase of analysis. Therefore, we compared organizational and individual characteristics among the three approaches. In particular, we compared differences according to gender, age, time spent in host country, nationality of partner, type of expatriate, position held abroad, nationality of supervisor, and nationality of company.

To validate our coding of strategies a second, independent rater, who was not involved in data collection, coded the transcripts. The coefficient of agreement was 0.85. However, this measure can distinctly overestimate the true degree of intercoder reliability by not taking agreement occurring by chance into account. Therefore, we also calculated Cohen's kappa (Cohen, 1960) which prevents the inflation. Our kappa was 0.77, which indicates that our intercoder reliability was excellent (Cicchetti, 1994).

FINDINGS: THREE STRATEGIES OF CHANGE

Resistance and rigid change

Seven of the twenty interviewees pursued a resistance and rigid change strategy. These executives explicitly elaborated on situations of crisis or shock they experienced in Japan. In particular, they found their personal attitude colliding with the status quo in Japan which left them in a state of high frustration.

“At first, it was really shocking and hard. And I didn't think I could stay. I thought 'Oh my god, I am going to quit this job after six months. I don't know if I can make it'.” (Female, Croatian)

Most of these leaders dealt with their shock and frustration by referring to the differences between their home and host country. In particular, they felt that Scandinavia was ahead compared to Japan.

“I think the Japanese and also the Koreans, they like to look at what we're doing in Scandinavia. They find it interesting to look at us and see how far you can take this. And then they compare where they are and where we are. I mean, I normally say to people that the gender situation here is like in the 50s, 60s back home.” (Male, Norwegian)

They highlighted that for them the idea of gender equality in Scandinavia was of high importance and needed to be transferred to the subsidiary. One interviewee stated:

“Well, I think diversity already exists in Denmark in the culture. So you don't have to teach people that being different is good. They are different and they behave differently. So that's a slight element of anarchy. But in Japan, I think you have to lead the horse and show people that it's okay to be different. (...) I think you have to teach people that. People in Denmark will just automatically show their differences and they are proud of being different.” (Male, Danish)

This executive attached a high personal meaning and relevance to gender diversity and equality. Due to his home culture, he found it rather “natural” to ensure females' rights.

"No, I mean we have actually one person right now on maternity leave. And you know, we handle this exactly like we would handle it in Denmark. So there was no issue from our side we didn't hesitate to say that we would love to see her back and we will provide her the time that she needed to take care of her new born. And she was very appreciative of that. And she is coming back to us in a few weeks' time. So of course, I mean, it can be an issue for a small company if one out of 20 or even more leave. But we tend to look at this as part of being a responsible company and this is very much the Danish mindset of being a friendly, democratic and human organization that gathers to all aspects of human beings."

(Male, Danish)

Interestingly, this was mainly the executives' personal motivation, because most of them did not perceive any pressure from HQ nor were they affected from global gender policies.

"No, there are no global practices coming from the headquarters. It is pretty much the way that I run the office, (...) it's very much based on my own, experience, knowledge and ideas of how to run a company. Just as an example, I very much support women. And thus, I want to make sure that women in Japan have same opportunities as men." (Male, Danish)

In order to overcome the experience of a shock, the executives felt a strong urge to change and actively enforce gender diversity and equality. Their approach was characterized by persistence and assertiveness in order to enforce a rapid change. When they faced situations of diverging gender equality understanding, they oftentimes responded in uncompromising ways. For instance, one executive remembered the following situation:

"A male manager came to me saying that this idea of allowing children in the office is not good and he would recommend that we did not introduce it. I told him that I am very sorry that he is resigning. He responded 'No, no, no I am not resigning'. I said: 'well, you said you cannot work while there are children in the office and I am not going to change that. So either you get used to it or, or you leave'."

(Male, Danish)

This group of executives considered themselves as change agents taking their responsibility for females very seriously. In consequence, they elaborated on initiatives such as the support of parental leave for both mothers and fathers, the guarantee of rehiring after parental leave, the opportunity to bring children to the office, or simply flexible working hours, which are very uncommon in Japan. In addition, these executives reported on tough changes and quick wins, which they initiated. One executive enforced the same color working clothes for males and females instead of pink for women and blue for men. Another executive changed the spelling of the phone list and name tags toward the same style for both sexes instead of using capital letters for the last name of male and small letters for the last names of female employees. By initiating these radical changes, the executives tried to interrupt the reproduction of gender inequality in a rapid and uncompromising way. However, they also questioned if their initiatives would stick long-term, in particular when someone else would take over their position:

"So sometimes, I feel like I am bringing that change. However, what happens when I leave? Is it going to stick or not?" (Female, Croatian)

Compromise and moderate change

Another group of nine executives tried to arbitrate between the home and host country context by finding compromises and adjusting their approach of change to the situation in Japan. Similar as in the first group, they experienced strong differences between the home and host country, which they also referred to. However, they did not highlight that one of the contexts was superior, but rather related to differences without judgment:

"I understand that the mindset from a Japanese perspective initially is maybe that if I have to try to interact with this person who is a, who has a different culture, values and different background, it will be difficult for me to work with him. So I feel, I understand it's more comfortable for the person to work with someone who is sharing his own values and feelings and language. That will for sure be more comfortable for them." (Male, Venezuelan)

Similar as in the first group, the executives were convinced that changes have to be initiated and increasing gender diversity and equality is of importance. One interviewee stated:

“When I started at [company] I realized that there was no diversity management so I just talked to the president ‘we should do that’. And he’s from the United States. So he knows that it is very important and he was fully supportive.” (Female, Japanese)

Another one highlighted:

“Yeah, of course it is very important. Currently, our focus is to hire more females. We want to change the company’s culture. Towards a better way. I feel this company has not enough females.” (Male, Japanese)

As in the first group this was mainly based on personal interest and local issues and there were no global initiatives or targets:

“We also try to be more diversity-friendly globally. But the target did not come from headquarters, we actually decided everything independently from them.” (Male, Japanese)

Building on their understanding, these interviewees elaborated on smaller initiatives that were not too irritating for the workforce. For instance, one manager tried to abolish obligatory evening events and meetings for both female and male managers, in order to make it easier for employees with family obligations to meet the expectations of a management position. Another executive set up round tables with male senior managers, and surrounded them with ambitious women who would like to start a career, to enhance mutual understanding. By setting up this platform, the male managers could experience the seriousness, career orientation, and suitability of the female candidates. Consequently, they started considering women for more demanding tasks leading to management positions. The interviewees

pointed out that change in Japan was a long-term task, which could not be achieved over night and highlighted the need for communication and explanation:

"It is a lot of convincing and influencing to bring those topics up. You need to explain why and how women can contribute and that a female perspective may be beneficial for the corporate success."

(Female, Japanese)

As in the first group, all executives in this group emphasized the importance of support for women. They highlighted the possibility to implement networking or mentoring programs to bring women back into work or develop them into leadership positions. One executive, for instance, established a probation period for female managers in order to convince women that they were able to fill this position and convince men that females can succeed in leadership positions:

"We had to teach the women that they should not refuse when they get the chance of a promotion – they should just take it. (...) We had to educate the women to become confident. As a result, more and more women developed into management roles." (Male, Japanese)

In summary, this group pursued a moderate, less confrontational approach. Their strategy considered aspects of both the values and practices in the home and the host country, aiming at slowly and sustainably changing the work place.

Adaptation and maintaining the status quo

As a third response to the challenging environment, we found a small group of four executives who stated that they mainly adapted to the Japanese host context. In order to justify their actions they emphasized the regulatory environment in Japan as a reason. One executive elaborated:

"The labor market and legal framework are different. Certain rules such as for maternity leave and payment are different and we need to adapt to these local conditions." (Male, Swedish)

These executives further highlighted that they felt obliged to adapt to the local management style and practices in order to prevail in the local market. Also, as subsidiary leaders they prioritized work over family issues and showed limited interest in gender equality or work-life-balance topics. Often, these executives favored the Japanese working style over the Scandinavian way of working. In particular, they referred to the efficiency and strong work ethics among the Japanese workforce including gendered practices such as long working hours. Moreover, the executives mentioned that they were operating in male dominated environments, like e.g., the shipping industry, which they labeled as hardly suitable for females in leading positions. All of the four executives were strongly dependent on their sales department, which is in the Japanese context still rather dominated by Japanese men. In consequence, the executives pursuing this strategy did not see any advantage of change and promoting gender equality, as the below quotation illustrates:

“It is very traditional here in Japan, the salespersons are men, while the administrative assistants are women. That is how it works.” (Male, Danish)

Influence of individual and organizational characteristics

Taken together, we found the interviewees to deal with the opposing approaches to gender diversity and equality of the home and host context in three different ways. These strategies of change ranged from a radical approach of change to an adaptation to the local context. By taking a closer look at the executives pursuing each of the strategies, we identified patterns regarding individual and organizational characteristics, which we will elaborate in the following (see Table 3).

[Please insert Table 3 around here]

Subsidiary executives who were male, of foreign origin (mainly from Scandinavia), had a relatively short tenure in the subsidiary, were on short term assignments, and/or had relatively little Japanese

language abilities, tended to stick to their Scandinavian management practices and pursued the most radical option, the resistance and rigid change approach. These executives faced many challenges due to their personal ambivalence between their values and their current host environment. All of them recognized enormous differences between the environment back home and the host environment in which they currently lived and worked. The majority of these executives were sent abroad to lead the subsidiary in Japan due to their prior experience in both Scandinavia and Japan/Asia. Nevertheless, these executives did not feel the need to change their leadership behavior regarding gender diversity and equality in the Japanese context. They tried to act responsibly and felt obliged to treat their male and female employees equally.

Most of the interviewees (nine) applied the compromise and moderate change approach. These executives also shared common characteristics. All of the Japanese interviewees pursued this strategy. These Japanese executives felt attracted to a foreign employer in their home country, because they liked foreign environments. For instance, a large proportion of them previously studied in the US or Europe and thus were familiar with the Western work and life style. Apart from that, some of them studied English literature or linguistics and were thus suitable for working in a foreign MNE due to their advanced language abilities. The two foreign executives pursuing this strategy were either born and raised in Japan or studied Asian studies in Japan and were thus particularly knowledgeable of the Japanese context. Thus, due to their advanced understanding of both institutional contexts, the executives were able to compromise between the demands of the home and host context when managing the subsidiary. However, also in the other groups, all executives had prior working experience in both contexts. Interestingly, most female executives pursued this strategy. Many were explicitly hired by the MNEs because they had been working in the field of diversity and equality before (e.g., in other Western subsidiaries in Japan).

The executives pursuing the adaptation and maintaining the status quo strategy were all male and born outside Japan. They were not expatriates on short-term assignments in Japan, but migrated to Japan accompanied by their spouses/families. Moreover, all managers in this group were able to speak Japanese fluently and worked in the subsidiary in Japan for more than ten years (highest average tenure of the three groups). This personal adjustment to the Japanese context was also reflected in their

predominantly localized management style. One additional reason for their choice of a highly localized approach was the size and focus of their subsidiaries: with on average only 54 employees, the subsidiaries were the smallest entities in our sample mainly acting as sales agencies in Japan. Pursuing the strategy of adaptation and maintaining the status quo, these managers shared the impression that only by adjusting to the local circumstances could they lead their (sales oriented) subsidiary successfully.

Taken together, on the individual level, the main difference in the pursuit of the three strategies that we observed in our data were based on gender, nationality, tenure, language abilities, and type of contract/ assignment. The influence of age, and prior education and experience on the individual level seemed, however, less prominent. On the organizational level, size as well as subsidiary type were shown to be important. Figure 1 provides a framework summarizing our main findings where we present the essence of our analysis and highlight those characteristics that are primarily associated with one strategy only, and distinguishes one approach from both others.

[Please insert Figure 1 around here]

DISCUSSION

Our study examined challenges related to gender diversity and equality in a foreign subsidiary context. Based on 20 in-depth interviews with executives of Scandinavian subsidiaries in Japan, we identified three strategies of how executives handled gender diversity and equality abroad: resistance and rigid change, compromise and moderate change, and adaptation and maintaining status quo. Furthermore, we found that while all subsidiary executives from Japan and most females pursued the compromise and moderate change strategy, male, foreign executives who had been to Japan for a relatively short period, tended to pursue the most radical approach. In turn, foreign executives who had lived in Japan for a longer time leading a small, sales oriented subsidiary mostly localized their approach to gender diversity and equality and refrained from introducing any gender policies or programs.

Theoretical implications

Our research has several important theoretical implications. First, we contribute to the diversity literature by providing one of the first empirical studies on gender diversity management in a global context (for an exception see Moore, 2015). Using the case of Scandinavian subsidiaries in Japan, we identified three strategies of fostering gender diversity and equality in institutions, particularly in more distant countries than prior diversity research has addressed (Jones et al., 2000; Egan & Bendick, 2003; Ferner et al., 2005); for an exception see Luring, 2013) and at the same time provided new insights into the under researched context of Japan. For instance, in contrast to Scandinavian initiatives, the current state in Japan was described as gendered reproducing inequalities between males and females (Acker, 1990; Kumamoto-Healy, 2005; Benson, Yuasa & Debroux, 2007). Some of the executives started changing these practices in order to increase gender diversity and equality. In line with prior research on change strategies in the area of gender diversity management (Meyerson & Scully, 1995; Kirton, Greene & Dean, 2007) we found a continuum of reactions ranging from adjustment to the local status quo, up to a highly active and radical approach of fostering gender diversity and equality. We hence conclude, that there are different ways of approaching change, which we referred to as strategies of change: Either a moderate approach, building on communication and education with a focus on taking account of the existing values and practices, or a very rigid way of change, enforcing the foreign values within the subsidiary with less consideration of the status quo. However, we also found that in some cases, this change was not seen as important.

Second, similar to related research in the area of global diversity management (Luring, 2013) this typology indicates that the ambiguity arising from the distance between home and host country gives decision autonomy to the executives in the subsidiaries. The subsidiary executives reported a situation characterized by limited pressure from the HQ regarding gender issues and thus, a high degree of decision autonomy in how to implement gender equality in the subsidiaries located in Japan. Accordingly, our interpretation is that personal motivation constitutes one of the main drivers for fostering gender diversity and equality. Interestingly, despite the absence of global pressure, most of the executives (16 out of 20) did strive to support gender diversity and equality the foreign subsidiary either by using a compromise and moderate change, or a resistance and rigid change strategy. This finding is

particularly intriguing as it deviates from prior research. Prior studies often showed that HQ tried to globally integrate diversity policies and applied pressure to the subsidiary (Moore, 2015; Luring, 2013; Sippola & Smale, 2007). Yet, subsidiaries tried to avoid implementation of such practices, because they did not see an economic or personal benefit for them in the host country (Ferner et al., 2005; Luring, 2013). In contrast, our findings revealed that the vast majority of executives in our study were convinced of the benefits of diversity, and thus, fostered gender diversity and equality in their subsidiary on their own initiative. We interpret that particular to our research sample, due to the high level of gender diversity and equality in Scandinavia, this approach is “natural” to many of the executives and does not need pressure in order to be implemented.

Third, building on these findings, our study highlights the great importance of executives in promoting diversity and equality in organizations (Cox & Blake, 1991; Kalev, Dobbin, & Kelly, 2006). However, their role as “change agents” in diversity management literature has received limited attention so far. Our research shows that management commitment strongly determines the way gender diversity is (or is not) promoted in a subsidiary. In line with upper echelon theory (Hambrick & Finkelstein, 1987) and prior studies on diversity (Kalev et al., 2006; Lewin & Stephens, 1994), we found the individual demographics of the executives (gender, nationality, tenure) to be a major source of variation in their individual commitment to gender diversity and equality. Furthermore, aspects related to the MNC context (language ability and type of contract/ assignment), were of importance as well. Furthermore, organizational characteristics matter (Hambrick & Finkelstein, 1987), because strategies also differed according to size and type of subsidiary: the strategy of adaptation and maintaining the status quo was most likely in small sales subsidiaries. This is in line with research that found significant effects of size on the implementation of diversity practices (Hood, 2003; Ng & Sear, 2012).

Prior research indicates that a moderate approach to change (Kirton et al., 2007; Battilana, 2011) is most promising and might more easily reach legitimacy in the host country (Kostova, 1999). Our framework indicates that female and local executives are most likely to apply this approach and that it is most frequently applied in big organizations.

Managerial implications

First, our data shows that executives are important and influence the actions taken in terms of gender diversity management (Ng & Sears, 2012). Thus, in turn, if global gender equality is important for an organization, HQ should appoint executives who are committed to promoting gender diversity and equality. Hence, one strategy could be to send Scandinavian executives from the HQ to the subsidiary, because Scandinavian executives were highly engaged and driven by personal interest to enforce gender diversity and equality abroad. This, however, often leads to a radical, short-term oriented approach of change. If MNEs want to strictly enforce the standards from their home country in the host environment, this might be the most suitable approach. However, our interviews revealed that other MNEs consciously recruited Japanese executives with experience in promoting gender equality in the Japanese working environment. This results in a more moderate and long-term oriented approach to diversity management. This finding is in line with Cockburn's (1991) differentiation between short- and long-term agendas, where incremental steps toward broader changes are seen as the most appropriate way to promote disadvantaged groups. Consequently, the compromise and moderate strategy might turn out to be more appropriate since our interviewees emphasized that only a gradual and slow change will be successful in the Japanese context. Thus, MNEs should select executives aligned with the gender diversity and equality strategy.

Second, our findings reveal that there are different ways of fostering gender diversity and equality in the foreign subsidiary context. Given declining workforce due to changing demography in Japan and other industrialized countries (Kemper et al., 2016; Sekiguchi, Froese, & Iguchi, 2016), increased gender equality is desirable. Moreover, an increase of women in the upper management can lead to superior corporate performance (e.g. Mukarram et al., 2018). While we did not measure success in this study, prior research on global diversity management has shown that adaptation and consideration of local context is of importance leading to corporate success in the long-term (Egan & Bendick, 2003; Luring, 2013; Nishii & Özbilgin, 2007; Sippola & Smale, 2007; Stoermer, Bader, & Froese, 2016). Accordingly, our research proposes that MNEs should adjust their approach to gender diversity and equality (at least partly) to the host country context. In Japan, this would mean hiring executives who are more moderate would be a more successful strategy in the long-term.

Limitations

This study has several potential limitations. First, due to our small sample size and the qualitative approach, the generalizability of our findings is limited. However, because research on the topic is still sparse, we argue that this approach was necessary to gain insights for building a basis for future studies. Since our findings were in line with prior research, we argue that the strategies derived from our data have the potential to be applicable to other contexts and make a strong contribution there. However, additional empirical research with larger data sets is needed before any generalization of our typology or the patterns of individual and organizational characteristics can be drawn.

Second, because of our research design, we were not able to develop any relationships between the three strategies of change and an increase in gender diversity and equality in the subsidiaries in terms of gender equality. While local adaptation will most likely lead to maintaining the status quo and no modification in the subsidiary, as indicated above, it could be interesting for future research to investigate whether executives applying the resistance and rigid change strategy are more or less successful than executives applying the compromise and moderate change strategy. Thus, long-term studies are particularly called for. Future studies could consider the HQs perspective in order to extend our typology, to draw a more comprehensive picture of the circumstances under which executives develop different strategies of change.

Nevertheless, we believe our study makes an interesting contribution to research on international aspects of human resource management and will pave the way for future studies on gender diversity and equality in a global setting.

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Table 1: Comparison of the institutional contexts

| | Japan | Scandinavia |
|---|---|--|
| Main antidiscrimination legislation | Equality Opportunity Law (1999) | DEN: Gender Equality (Consolidation) Act (2002) NOR: Gender Equality Act (2013) SWE: Discrimination Act (2008) |
| Gender quota in private companies | 10% | DEN: no NOR: 40% SWE: no |
| Leave entitlements | 10 days p.a. (+ extra days depending on seniority in the company) | 25 days p.a. |
| Total paid parental leave | 58 weeks | DEN: 52 weeks NOR: 54 weeks SWE: 480 days (68.6 weeks) |
| Public spending on early childhood education and care in % of GDP | 0.3 | DEN: 1.3 NOR: 1.2 SWE: 1.6 |
| Average work hours worked per year | 1.7k | DEN: 1.41k NOR: 1.42k SWE: 1.62k |
| Labor force participation rate of women | 68.1% | DEN: 77.2% NOR: 75.9% SWE: 80.2% |
| Women in managerial positions | 12.5% | DEN: 26.5% NOR: 36.0% SWE: 39.8% |
| Gender pay gap (in % less than man) | 25.9% | DEN: 6.3% NOR: 7.1% SWE: 10.3% |

Table 2: Interviewee and subsidiary characteristics

| | | Categories | Number of interviewees | Percentage (%) |
|------------------------------------|------------------------------|-------------------|-------------------------------|-----------------------|
| Interviewee characteristics | Gender | Male | 13 | 65 |
| | | Female | 7 | 35 |
| | Age | 40 or younger | 4 | 20 |
| | | 41 – 50 | 8 | 40 |
| | | 51 – 60 | 8 | 40 |
| | Nationality | Japanese | 7 | 35 |
| | | Scandinavian | 10 | 50 |
| | | Other | 3 | 15 |
| | Subsidiary tenure (in years) | < 5 | 10 | 50 |
| | | 5 – 10 | 4 | 20 |
| | | > 10 | 6 | 30 |
| | Job position | CEO | 14 | 70 |
| Vice President HR | | 6 | 30 | |
| Subsidiary characteristics | Home country subsidiary | Denmark | 6 | 30 |
| | | Norway | 4 | 20 |
| | | Sweden | 10 | 50 |
| | Industry | Consulting | 2 | 10 |
| | | Electricity | 1 | 5 |
| | | Health care | 5 | 25 |
| | | IT | 2 | 10 |
| | | Manufacturing | 4 | 20 |
| | | Retailing | 6 | 30 |
| | Subsidiary size (employees) | < 150 employees | 6 | 30 |
| | | 150-500 employees | 6 | 30 |
| | | > 500 employees | 8 | 40 |

Table 3: Influence of individual and organizational differences on strategies of change

| Characteristics | | Resistance & rigid change | Compromise & moderate change | Adaptation & Maintaining the Status Quo | |
|-----------------------------------|---------------------------------------|---|---|---|---|
| Individual differences | Gender | f | 1 | 6 | 0 |
| | | m | 6 | 3 | 4 |
| | Age | ø 47.4 | ø 48.1 | ø 45.0 | |
| | Nationality | 0 Japanese 6 Scandinavian 1 other foreign country | 7 Japanese 1 Scandinavian 1 other foreign country | 0 Japanese 3 Scandinavian 1 other foreign country | |
| | Subsidiary tenure | ø 5.1 | ø 6.9 | ø 10.8 | |
| | Education / Prior experience | 1 studied in Japan/subject Japan related 7 have prior working experience in Scandinavia and Japan/Asia | <i>Japanese:</i> 7 have prior experience in foreign MNEs or studied abroad <i>Foreigners:</i> 2 studied in Japan/subject Japan related | 2 studied in Japan/subject Japan related 4 have prior working experience in Scandinavia and Japan/Asia | |
| | Language abilities | 4 speak Japanese fluently 3 have limited Japanese language abilities | 9 speak Japanese fluently | 4 speak Japanese fluently | |
| | Contract type | 4 long-term contracts 3 short-term assignments (expatriates selected from the HQ) | 8 long-term contracts 1 short-term assignment (expatriate selected from the HQ) | 4 long-term contracts | |
| Organizational differences | Size of subsidiary (No. of employees) | ø 605 | ø 1567 | ø 54 | |
| | Subsidiary type | 2 sales subsidiaries | 5 sales subsidiaries | 4 sales subsidiaries | |

Figure 1: Summary of main findings

