Local Construction of a Global Standard:
Foreign Share Ownership and Workplace Gender Diversity in Japan

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Abstract

In a globalized world, local organizations are increasingly exposed to external norms and practices, but it remains less understood how such exposure changes local practices. What is particularly missing in the literature is the active role of local actors in mediating the impact of globalization. In this paper, we examine how a prevailing gender norm in Japanese companies is reshaped as foreign share ownership increases, and how the process is facilitated by key local actors who construct a global standard of workplace gender diversity. Although most foreign investors are indifferent to the issue of workplace gender diversity, we argue that their ownership makes a significant improvement, because their advocacy of gender diversity is constructed by corporate social responsibility (CSR) and investor relations (IR) experts within major Japanese companies. The increase of foreign share ownership in Japan have created opportunity for these emerging professional groups to expand their within-firm influence, who have promoted gender diversity as a way to attract foreign investors. Our analysis, using panel data from 800 companies between 2001 and 2009, shows that both foreign share ownership and the influence of IR and CSR experts significantly improve workplace gender diversity, but that the improvement occurs mostly at those upper ranks that are visible to foreign investors.

INTRODUCTION

How do local institutions and organizations change under the force of globalization? In the globalized world economy, local organizations are increasingly exposed to foreign norms that are at odds with local norms, under which they have long operated (Campbell 2004; Guillén 2001a). Investigating how forces of globalization influence local institutions, world polity research maintains that in the face of global norm-building efforts and pressures, countries accept globally-legitimized practices (Frank, Hironaka, and Schofer 2000; Meyer, Boli, Thomas, and Ramirez 1997; Ramirez, Soysal, and Shanahan 1997). Other studies, however, dispute the homogenizing effect of globalization, and demonstrate that local institutions and organizations ignore or even resist external pressures and instead try to preserve local practices (Ahmadjian and Robbins 2005; Hafner-Burton and Tsutsui 2005; Halliday and Carruthers 2007; Zelner, Henisz, and Holburn 2009). The latter studies suggest that the adoption of so-called global standards is often a mere symbolic gesture without substantive impact on local practices.

These contrasting views, while providing basic frameworks for studying how globalization influences local organizational practices, risk underestimating the agency of local actors (Campbell 2004). By putting greatest emphasis on external norms and pressures, previous studies often either do not discuss the role of local actors or assign them rather passive, reactive roles of accepting or resisting externally-imposed reforms (Ahmadjian and Robbins 2005; Fiss and Zajac 2004; Henisz, Zelner, and Guillén 2005; Polillo and Guillén 2005). Although it is still important to understand when local actors embrace or resist global norms, exclusively focusing on such dichotomous outcomes leaves little room for the agency of local actors and glosses over the various ways in which local actors engage with global norms (Carruthers and Halliday 2006; Halliday and Carruthers 2007). As institutionalists have shown, intra-organizational groups not only react to external demands, but also act upon them, particularly when considerable ambiguity exists about what the demands are and what constitutes proper organizational responses (Dobbin and Sutton 1998; Edelman 1992; Fligstein 1990; Oliver 1991; Royston and Hinings 1996; Stryker 2000). Building upon their insights, we suggest that local actors actively engage in interpreting and defining a global standard, so that the very content of the norm is locally constructed.

To demonstrate the local construction of a global standard, we investigate how key local actors reshape the prevailing gender norm of the Japanese workplace, as they interpret the norms held by foreign investors. Studies of globalization have long investigated how foreign investment changes inequality patterns of host countries, focusing mainly on the effect of foreign direct investment (i.e., buying local companies or setting up local branches) (Alderson and Nielsen 1999; Brady and Wallace 2000; Dixon and Boswell 1996; Firebaugh 1992; Gauchat, Kelly, and Wallace 2012). Recent studies further find foreign-owned companies are more likely to hire and promote women than their local counterparts (Ono 2007; Siegel, Pyun, and Chun 2010; Villarreal and Yu 2007). While showing the impact of foreign investment, these studies, by focusing on foreign-owned companies that are assumed to operate within a different institutional context, do not examine how domestic companies are influenced by the presence of foreign actors. Foreign share ownership, which is more diffuse than foreign direct investment and is not limited to subsidiaries of foreign companies, allows us to examine the influence of foreign actors on domestic companies. But at the same time, unlike foreign direct investment that allows foreign owners full control, foreign share ownership allows foreign investors at most partial and indirect control of domestic companies. Due to this indirect aspect of foreign share ownership, its impact on local practices is likely to significantly depend on the mediating role of local actors.

This is particularly so with our case: foreign investors exert only limited influence over employment policies of Japanese companies and probably much less so over the issue of workplace gender diversity. Moreover, although most foreign investors are from countries that, compared to Japan, have a more gender-egalitarian workplace norm (e.g., the U.K. and the U.S.), they are at most indifferent to improving workplace gender equity. Nevertheless, we argue that their ownership has brought meaningful changes through the role of key local actors—namely, corporate social responsibility (CSR) experts and investor relations (IR) of major Japanese companies. Growing foreign share ownership in Japan has provided these emerging professional groups an opportunity to expand their within-firm influence, because they are in charge of responding to the demands of foreign investors. Included in their list of items to which foreign investors pay attention was workplace gender diversity which they assert have become a global standard.

We draw on two sources of data to illustrate our theory of the local construction of a global standard and to test several related hypotheses. To better understand how foreign investors and Japanese managers view the issue of gender diversity, we conducted interviews with several foreign investors in Japan and CSR experts of large Japanese companies. Based on these interviews as well as other archival sources, such as major newspapers and professional magazines, we describe how CSR and IR experts have persuaded corporate decision-makers that greater corporate attention to gender diversity has become a global standard and will help them attract foreign investors. Our quantitative analyses of workplace gender diversity confirm this unintended role of foreign investors in promoting gender diversity in Japan. Using panel data from 800 major Japanese companies that cover the period from 1992 to 2009, we examine how changes in foreign share ownership affect women's representation for four different ranks of white-collar jobs—board directors, middle managers, non-managerial white-collar employees, and new hires. Our results show that both foreign share ownership and the within-firm influence of CSR and IR experts significantly improve workplace gender diversity. But at the same time, our results also point to their limitations; because diversity management is constructed as a signal to foreign investors, Japanese companies focus on only upper ranks with greater visibility to external constituents.

GLOBALIZATION AND ORGANIZATIONAL CHANGE

Globalization provides a fertile setting to study organizational change. Earlier works by institutionalists demonstrate that organizations conform to the institutional logic prevailing within a given organizational field, providing stability to that field (Meyer and Rowan 1977). More recent works, however, emphasize the multiplicity of institutional logics and maintain that the political tension among competing logics is a main driving force for substantive organizational change (Clemens and Cook 1999; Friedland and Alford 1991; Marquis and Lounsbury 2007). Globalization, with the increased economic and cultural exchanges across the border, facilitates the interaction and the competition between different institutional logics (Campbell 2004). For instance, the literature on comparative political economy shows that firms in different countries and regions maintain unique management and employment practices (Berger and Dore 1996; Hall and Soskice 2001; Streeck and Yamamura 2003). In the globalized world economy, such firms have been increasingly exposed to foreign practices and have been pressured to adopt so-called “global standards.”

Despite this potential, there is not enough research on how globalization leads to organizational change. While comparative political economists have extensively studied how globalization affects nation-states and their policies (Dobbin, Simmons, and Garrett 2007;

Guillén 2001a), there are relatively few studies on how globalization affects local organizational practices. As a result, several fundamental issues remain unresolved. Even some basic issues, such as whether and how far local organizational practices in various areas have changed due to globalization, remain controversial (Fligstein 2001; Guillén 2001b). A more important issue is the lack of understanding regarding the mechanisms through which globalization leads to changes in local organizational practices. Such mechanisms need to be further elaborated. What is especially missing in the literature is the role of local actors (Campbell 2004). So far, most studies have attended to the role of foreign actors and their influence (Ahmadjian and Robbins 2005; Henisz et al. 2005; Polillo and Guillén 2005). As a result, the role of local actors has received relatively little attention.

This rather exclusive attention to the role of foreign actors in imposing external norms and practices leaves the impression that globalization leads to changes in local organizational practices primarily through coercive mechanisms (e.g., external pressures), and that local actors play a passive role in either accepting or resisting externally-imposed practices. Although externally-imposed norms and practices provide impetus for changes in local organizational practices, the potential outcome must not be limited to either accepting or resisting the given externally-imposed practice. Recent studies suggest that the attitudes and responses of local actors can generate considerable variation in not only the adoption of externally-imposed policies but also their implementation (Fourcade-Gourinchas and Babb 2002; Halliday and Carruthers 2007; Weber, Davis, and Lounsbury 2009; Zelner, Henisz, and Holburn 2009). Moreover, interaction with or exposure to foreign norms and practices can also engender unexpected outcomes which are neither particularly foreign nor quite local (Stark 1996).

In the globalization literature, there has been a call for more attention to the role of local actors. For instance, Campbell (2004) suggests that institutional changes are facilitated by innovative work by institutional entrepreneurs who “translate” global norms into local practices, by combining externally-imposed elements with internally-existing ones (see also Bartley 2007; Battilana, Leca, and Boxenbaum 2009; Boxenbaum 2006). This concept of translation assumes that there are clearly defined global standards, which need to be modified to fit with local practices. Clearly-defined global standards, however, are more of an exception than the rule; global standards themselves are often ambiguous and sometimes contain contradictory elements (Halliday and Carruthers 2007). In such circumstances, the role of local actors may not be limited to simply blending global standards into local practices. Instead, local actors, we argue, can actively construct global standards at the local level.

We highlight the role of local expert groups in the local construction of global standards. Institutionalists have extensively studied the role of expert groups in interpreting and redefining external institutional demands to the advantage of both their organizations and themselves (Dobbin and Kelly 2007; Dobbin and Sutton 1998; Edelman 1992; Edelman, Fuller, and Mara-Drita 2001; Edelman, Uggen, and Erlanger 1999; Kelly 2003). The expert construction of external demands is particularly likely when the demands remain vague and thereby increase uncertainty for organizations (Edelman 1992). Similarly, construction of global standards by local expert groups is highly expected when such standards remain ambiguous. Then, local expert groups can have greater discretion in redefining a global standard to their advantage. We expect that this kind of mediating role of local expert groups will become increasingly important in shaping and mediating the outcomes of globalization. As globalization deepens, foreign elements will become an integral part of the local institutional environment, and certain local groups, who have expert knowledge and global connections, will creatively engage with them for their own agendas.

In the next section, we explain how certain local actors push for reforms in traditional employment practices that exclude women in Japan, by arguing that workplace gender diversity has become a standard in the global business community and thus diversity management will help companies attract foreign investors.

FOREIGN SHARE OWNERSHIP AND WORKPLACE GENDER DIVERSITY IN JAPAN

During the postwar period, Japan developed a unique employment system, which generated a large, persistent gender disparity. In the strong internal labor markets, employees are expected to stay with the same employer for their lifetime, i.e. until retirement, accumulating firm specific human capital that cannot be transferred to other companies but becomes increasingly valuable as their seniority with the employer increases (Cole 1971; Dore 1973; Gordon 1985). This employment system provides stability in employment relations and encourages employee loyalty and commitment to the employer (Aoki 1988; Dore 1973; Lincoln and Kalleberg 1985). Lifetime employment and seniority-based payment, however, disfavor women, who have a higher risk of quitting than men due to family demands, and exclude women from prestigious jobs that often require uninterrupted, long-term commitment (Brinton 1993). Hence, during the 1970s and the 1980s when the Japanese economy rapidly expanded, women earned only half of what men earned, and they mostly participated in the labor market as part-time, contract workers (Aiba and Wharton 2001; Chang 2004; Houseman and Abraham 1993; Ogasawara 1998). Even afterwards, sex segregation and the gender wage gap have persisted, mostly because the internal labor market system is still strongly entrenched (Moriguchi and Ono 2006; Ono 2010).

There have been attempts to increase gender equality in the workplace, but until now they have been largely unsuccessful. As international pressure increased during the UN Decade of Women, which was between 1976 and1985, the Japanese government pledged to institute a relevant law, ultimately passing the Equal Employment Opportunity (EEO) Law in 1985. The law only specified employers' voluntary obligation not to discriminate against women but did not specify punishments for offenders, and therefore did not lead to significant improvement in women's inroads to full-time jobs and managerial positions (Asakura 1999; Hamada 2005; Hanami 2000; Upham 1987). When the government revised and toughened the EEO Law in 1997, responding to the increasing domestic demands for a stronger law to regulate the corporate world, large Japanese companies still resisted and tried not to incorporate women into the core workforce and managerial positions, either by gerrymandering job titles or by outsourcing female-dominant jobs (Mun 2013). As a result, Japan still suffers from a large gender disparity. The gender wage gap in Japan is second largest among the OECD countries and women's representation in managerial positions is second lowest, next only to South Korea (OECD 2012).

It has been expected that globalization may bring a pressure for change. One important trend in this respect is increased foreign share ownership of major Japanese companies. Foreign investors were initially cautious about taking on the local business practices, but became more emboldened as the performance of Japanese companies deteriorated, especially after the bursting of the real-estate bubble in 1992 (Ahmadjian 2007; Jacoby 2007; Olcott 2009; Schaede 2008). These investors, who own one quarter of all publicly listed shares in Japan as of 2010 (see Figure 1), have challenged the traditional employment practices of Japanese companies, such as lifetime employment (Ahmadjian and Robbins 2005). Most foreign investors in Japan are from western industrialized countries that, compared to Japan, have a much lower level of workplace sex segregation and gender wage disparity. Underutilization of highly-educated female labor in Japan has been widely reported and considered as a symbol of inefficiency of Japanese companies (The Economist 2011). Hence, the expectation is that they may want Japanese companies to abandon their traditional gender-biased employment practices and to hire and promote competent women.

[Figure 1, about here]

The role of foreign investors in promoting gender diversity, however, is a rather unlikely one. Most foreign investors, despite having more gender egalitarian cultures in their home countries, have not actively advocated workplace gender diversity in Japan. Because most foreign investors are oriented to short-term rather than long-term investment strategies, they are less interested in long-term social issues such as workplace gender diversity (Ahmadjian 2007). In fact, social issues are rarely mentioned in the wish list of foreign shareholders of Japanese companies (Jacoby 2007). One foreign investor we interviewed, who came from the U.S. and had been investing in Japanese companies for the past 15 years both as an individual investor and an employee of a US investment bank, said that hiring or promoting more women can be a proxy for a given Japanese company’s efforts at reforming its traditional management practices, but that it would be of little significance unless it actually contributed to the company’s profitability. Another investor, who runs an investment company that manages funds from the U.S., similarly said that gender diversity is not something he pays attention at all because it has nothing to do with firm profitability.[1]

Nevertheless, we argue that foreign share ownership has made a significant difference. This is because, despite the apparent indifference of foreign investors to the issue of workplace gender diversity, key corporate decision makers in Japan have come to believe that foreign investors prefer companies with a good record of workplace gender diversity to those with a poor one. The roles of two groups of local actors have been critical in the process—CSR and IR experts. In the next section, we explain why they have taken on the issue of workplace gender diversity, and how they have convinced chief executives that promoting workplace gender diversity can help attract foreign investors.

The Construction of Workplace Gender Diversity as a Signal to Foreign Investors

CSR and IR experts are relative newcomers in the Japanese companies. Most companies began to adopt and expanded those functions after the 1990s (Suzuki, Tanimoto, and Kokko 2010; Yoshikawa and Gedajlovic 2002).[2] Although related concepts such as compliance and sustainability started to be discussed in the 1990s, the expression of CSR was first introduced in early to mid-2000s as a specialized function that manages non-financial demands of investors; the Japan Association of Executives (Keizai Doyukai) published a report on CSR in 2004, and since then, major newspapers and business magazines began to publish CSR rankings of large companies (Japan Association of Executives 2004). Similarly, IR achieved much attention after the late 1990s when the banking crisis happened. As newcomers, CSR and IR experts have their

[1]In fact, it remains quite controversial whether workplace gender diversity helps improve firm performance in Japan. While some studies report a positive association, others suspect that the association is a spurious one (Kodama, Odaki, and Takahashi 2009; Sano 2005).
[2]IR functions emerged earlier than CSR functions, but those two functions often overlap in Japan, especially as CSR functions have recently expanded to maintaining good relations with investors; in many cases, the same executive is in charge of both functions.

work cut out for them and have expanded their influence against similar, more traditional corporate functions, particularly human resource (HR) exerts— a powerful group within Japanese companies because they have been the main architect of internal labor markets (Hirano 2013; Jacoby 2005; Olcott 2009). Figures 2 and 3 plot the percentage of firms in our sample of major Japanese companies that have executives in charge of CSR or IR executives and executives in charge of HR, respectively. During the 2000s, CSR and IR experts gained considerable ground, while HR experts steadily lost it.[3]

[Figures 2 and 3, about here]

The attempt of CSR and IR experts to redefine workplace gender diversity as a signal to foreign investors can be understood in light of intra-firm competition among different expert groups. Institutionalists have studied how expert groups compete with each other to expand their task areas and thus enhance their intra-organizational power basis (Dobbin and Kelly 2007; Dobbin and Sutton 1998; Edelman, Fuller, and Mara-Drita 2001; Stryker 2000; see also Abbott 1988). The outcome of such competition depends on the ability of expert groups to identify and interpret external demands and to recommend viable solutions (Hickson et al. 1971). The coupling between external demands and internal solutions, however, is often quite loose (Cyert and March 1963; March and Simon 1958). Therefore, it requires considerable creativity from and strategic maneuvering by expert groups in order to advance their own interpretation of and solution to external demands (Dobbin and Kelly 2007; Dobbin and Sutton 1998; Edelman 1992; Kelly 2003).

[3]CSR/IR roles are formally distinct from HR in Japan. The most important distinction is that while HR focuses on within-firm personnel issues, CSR/IR take charge in responding to the demands and concerns of external constituents, such as investors and non-governmental organizations. CSR/IR roles include communication with shareholders about corporate government and contribution of environmental and social issues (Tokyo Stock Exchange 2012).

Workplace gender diversity was initially within the territory of HR experts who were in charge of most employment-related issues but, unlike in the U.S., it was at best of secondary importance to them. In the U.S., when HR's traditional role in managing labor relations lost its significance, HR experts took up the issue of equal employment opportunities in an attempt to expand their authority within the firm (Sutton and Dobbin 1996). In contrast, Japanese HR experts, who had traditionally enjoyed considerable influence within the firm, responded very differently when the equal employment opportunity (EEO) law was first enacted in 1985: they formalized informally existing sex-typed job tracks into promotional and non-promotional tracks (Asakura 1999; Lam 1992; Owaki 1987). Even after the revision of the EEO Law in 1997, they remained reluctant to embrace gender diversity as one of their main tasks. One HR manager at a major Japanese company we interviewed mentioned that pursuing gender diversity through "unnatural" means (e.g., quotas for female managers) could undermine the efficiency of internal labor markets.

This ambivalent attitude of HR experts towards the issue of workplace gender diversity has encouraged other expert groups to advance the issue. While, in the U.S., HR experts have "invented" diversity management as a response to the U.S. federal government's active enforcement of EEO law (Dobbin 2009), in Japan, it has been CSR and IR experts who have attempted to do the same, but with a twist: they have made the case that diversity management is a requirement of global firms, which will appeal to foreign investors (Nikkei Business 2006; 2007; Japan Research Institute 2004). Importantly, with considerable cash reserves on hand, Japanese companies are less dependent on the stock market than their American counterparts, which limits the influence of foreign investors. Nevertheless, Japanese companies do not want to drive away foreign investors. One reason is that sell-off by foreign investors can drag down their stock prices (Ahmadjian 2007). At the same time, for prominent Japanese companies, maintaining a certain level of foreign share ownership works as a signal of their high status within the corporate community. When we asked foreign investors why they think Japanese companies that reserve sufficient cash try to attract foreign investment, they often said that Japanese companies consider foreign share ownership as an achievement of a "brand" that demonstrates that a given company's corporate governance practices meet global standards.

The challenge for CSR and IR experts who manage relations with foreign investors is that Japanese companies are not yet willing to reform their fundamental management and governance practices. Foreign investors have been pushing for reforms such as adopting an American system of board governance with outside directors independent of the incumbent management (Jacoby 2007). Japanese companies, however, have resisted most similar reforms and have fiercely lobbied against the government's plan to revise corporate law, particularly the provision that requires companies to have a certain fixed number of outside directors. In the end, the plan requiring mandatory outside directors was recently abandoned by the government (Kato 2012).

In the face of the hostility towards foreign investors' demands for governance reforms, CSR and IR experts have instead turned their attention to other more social issues, such as environmental protection and workforce diversity, as a means to signal to foreign investors their company's willingness to change. They took the cue from the growth of socially responsible investing (SRI) in both Europe and the U.S. and later in Japan (Nikkei Weekly 2009; Tokyo Stock Exchange 2012). Subsequently, they have advanced the idea that successful diversity management has become the signature of globally successful companies and therefore will help companies attract foreign as well as domestic investors. CSR and IR experts have asserted that Japanese companies lag far behind their foreign competitors in workplace gender diversity, and it prevents them from attracting socially-responsible investors (Nihon Research Institute 2013).[4] As evidence, they point to the poor performance of Japanese companies in many recent SRI-related indices. The most widely-mentioned index during our interviews was the Dow Jones Sustainability Index (DJSI), which began in 1999. Prominent companies in Europe and the U.S., such as British Telecom, Hewlett Packard, Intel, and Nokia, have been consistently ranked highly, and most of them have earned high scores regarding their labor practices, for which workplace diversity is an important component (Dow Jones 2008). A columnist of a CSR magazine argued specifically that it is necessary to create an environment that women can participate effectively and increase women in the board "in order not to lag behind the trend of the world" (Alternal 2012). Pointing out this deficiency, CSR and IR experts have persuaded chief executives that they should appoint female directors, promote more female managers, and hire more women.

In this way, those CSR and IR experts have locally constructed the global standard of workplace gender diversity. This locally-constructed nature of the standard can be seen in the on-going controversy over corporate diversity management in the U.S. and other industrialized countries. On the one hand, there is no clear consensus about whether workplace diversity helps improve firm performance. In fact, there is little consistent evidence in other countries including the U.S.: although some studies report the positive effect of workplace gender diversity on profitability (Campbell and Mínguez-Vera 2008; Erhardt, Werbel, and Shrader 2003), other studies report a negative or null effect (Adams and Ferreira 2009; Rose 2007). The reaction of the stock market is similarly mixed (Cook and Glass 2011; Lee and James 2007). Moreover, it

[4]The increasing focus on CSR in order to look progressive has been faced with skeptical voices that having more CSR practices may not lead to actual improvements (Aera 2006). Women have also expressed concerns that promoting one or two women to high-echelon positions in order to look socially responsible and attract investors does not help women's advancement in general (Nikkei Business 2007).

remains controversial how actively investors in general advocate workplace diversity. Even in the U.S., only a handful of activist shareholders, such as TIAA-CREF, have promoted workplace diversity (Carleton, Nelson, and Weisbach 1998; Dobbin and Jung 2011).

The efforts of CSR and IR experts to locally construct the global standard of workplace gender diversity and to redefine the issue as a CSR/IR issue seem to have been successful. During interviews with a dozen HR managers in major Japanese companies, conducted by one of the authors for a project on work-family policies in 2013, nearly all HR managers brought CSR reports to present usage rates of various work-family policies; moreover, when asked their perspective about gender diversity, they often referred to the CSR department. In one instance, an HR manager of a diversified advertisement company said, “We have a CSR department, which sets goals [regarding gender diversity] for the company. The current goal is to increase the percent of women to 10% of board of directors.” A report published by Japan Employers’ Association in 2011 further confirms that gender diversity is not a main concern of HR departments; according to the survey of HR managers conducted by the association, the two most seriously considered issues include improvement of management skills and flexible reshuffling of personnel, while the two least seriously considered issues include promotion of workforce diversity and support of work-life balance (Sato 2012).

Hypotheses: Foreign Investors, CSR and IR Experts, and Visibility of Gender Diversity

Our discussion thus far leads us to the following predictions. First, although foreign investors themselves have not directly pressured Japanese companies, their presence is likely to lead companies to increase workplace gender diversity. Investors can exert influence over companies, not only through direct pressure but also because companies are already motivated to attract and maintain investors (Ahmadjian 2007; Useem 1996). Companies thus proactively respond to investors' demands or preferences in order to maintain legitimacy in the eyes of investors. Given the locally constructed belief that diversity management has become a global standard and that it will help companies attract at least socially-responsible foreign investors, Japanese companies are thus likely to increase gender diversity when the proportion of shares owned by foreign investors increases. We thus propose the following hypothesis:

H1: Companies will increase gender diversity when foreign share ownership increases.

Second, the influence of CSR/IR experts within companies is also likely to increase gender diversity, because they have been deeply involved in constructing gender diversity as a strategy to attract foreign investors. We expect that their within-firm influence will be greatest when they are represented within a top corporate decision-making body, because their voices will be more seriously considered. Within Japanese companies, board membership provides different expert groups one such opportunity. Unlike corporate boards in the U.S., which are mostly composed of outsiders and act primarily as an advisory body, Japanese boards are almost exclusively comprised of insiders (i.e., senior managers) and thus a primary decision-making body (Milhaupt 2001). In this setting, expert groups can exert considerable strategic influence through board membership (Jacoby 2005).

H2: Companies will increase gender diversity when there are CSR/IR board members.

We further argue that there will be an interaction effect between foreign share ownership and the within-firm influence of CSR/IR experts. When foreign share ownership of a company increases, CSR/IR experts can emphasize the increase as an urgent need to take an action and thus, can more effectively persuade top managers to put efforts into meeting the expectations of foreign investors. In addition, since CSR/IR experts are in charge of managing investor relations, increased foreign share ownership will enhance their influence within the firm.

H3: The positive effect of foreign share ownership on gender diversity will become greater when there are CSR/IR board members.

Finally, we propose a boundary condition under which the above hypotheses will be more likely to be supported. Because gender diversity is promoted as a means to achieve external legitimacy, rather than internal needs, companies will focus on increasing gender diversity within most "visible" positions. Previous studies argue that foreign owners favor women because they think local companies that discriminate against capable women are inefficient, suggesting that a foreign presence will increase gender diversity across all levels (Kawaguchi 2009; Siegel, Pyun, and Chun 2010). Supporting the argument, Villarreal and Yu (2007) find that foreign companies in Mexico hire more women than domestic companies do for both managerial and non-managerial jobs. We do not expect the same to be true with our case. In other words, because it is not the preference of foreign investors but instead the constructed belief that foreign investors will favor diverse workforce that leads Japanese companies to increase gender diversity, companies will focus on creating change for positions that are visible to foreign investors. Companies will focus on increasing the proportion of women in the higher-echelons, to which investors are thought to pay attention (Broome and Krawiec 2008). Therefore, the hypothesized positive effects of foreign share ownership and the influence of CRS/IR experts will be significant only regarding visible gender diversity, i.e. women's representation in upper-level positions.

H4: The effects of foreign share ownership and CSR/IR board members will be significant for gender diversity at upper levels.

DATA AND METHOD

We use panel data from 832 large, publicly-traded Japanese companies from 2001 to 2009. The data are comprised of detailed information about firm characteristics, ranging across diverse areas such as employment, investors, board members, and financial conditions. Specifically, the types and proportion of investors, functional backgrounds of board members (i.e. whether CSR or IR backgrounds), and gender compositions at four different levels are collected. With the panel data, we can analyze dynamic changes of gender compositions, as foreign investors and CSR/IR board members increase.

Sample

We compiled our data from three sources: annual financial reports (Nikkei NEEDS data), *Japan Company Handbook of Board Members* (*Yakuin Shikiho* in Japanese), and *Japan Company Handbook for Job Searchers* (*Shushoku Shikiho* in Japanese). All three data sources annually publish information collected for large, prominent Japanese companies. From annual financial reports, we collected information about ownership structure and other financial conditions. From the *Handbook of Board Members*, we collected information about the composition of the board of directors, such as the number of female board members and the functional background of board members, such as CSR, IR, and HR backgrounds. Finally, from the *Handbook for Job Searchers*, which is published annually to provide information to college students who are seeking jobs, we collected information about the gender composition of large Japanese companies.[5]

[5]The *Japan Company Handbook* series, which includes the *Handbook of Board Members* and *Handbook for Job Searchers*, is published by one of the prominent publishers in Tokyo, *Tōyōkeizai Shinpōsha*. The publisher has a long history of collecting and publishing diverse types of data on companies. In 1985, when the *Handbook for Job Searchers* was first published, the publisher surveyed 1,005 companies that hired the greatest number of new employees for the previous year, and followed those companies annually while adding newly founded large companies and dropping companies that shrank in size or disappeared (either through bankruptcy or acquisition).

Two characteristics of the data set need to be explained. First, the data set includes a subset of publicly traded companies in Japan. While annual financial reports and board member data provide information for all listed companies, the *Handbook for Job Searchers* provides information for both listed and unlisted companies that hire many new employees and are popular among job applicants. By matching the three data sources, we are left with only companies that are large and prominent, publicly-traded companies. As a result, small-and-medium-sized companies are not represented; however, our data include the companies of interest for the current research, i.e. large companies that are likely to be targeted by foreign investors. Second, the data are unbalanced. Although each year's edition of *Handbook for Job Searchers* primarily surveys the same companies, the sample changes slightly from year to year. Some companies are no longer surveyed because they shrink, and new companies are added in their place. [6] For such companies, we have data for part of the observation period. Some companies also drop out of our sample due to corporate events such as bankruptcy, delisting, or mergers, while others are added after they go public. In the end, the data include information on 4,052 company-years from 2001 to 2009. The actual number of company-years used in the analysis is smaller for some models because of missing values.

Outcome Variables

As we have explained in the hypothesis section, we test the effect of foreign share ownership as well as the within-firm influence of CSR/IR experts on workplace gender diversity at different levels. We consider four different levels and thus have four different outcome variables. The first one is women's presence on the board of directors. Most Japanese companies still have no female director on the board; although the number has steadily increased since 2001,

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[6] The unbalanced structure is also caused by companies that did not respond to the survey for unknown reasons. According to the publisher's survey team, however, the non-response rate has been very low.

only about 10 percent of companies in our sample have at least one female director (see Figure 4). Hence, we analyze the appointment of female directors rather the proportion or the number of female directors. Using information on individual directors from the *Handbook of Board Members*, we create a binary variable coded as one for company-years when a given company appointed one or more new female directors.[7]

[Figure 4, about here]

Our second outcome variable pertains to the presence of women in managerial positions and is measured as the log odds that managers are women. Odds are calculated as the proportion of female managers divided by the proportion of male managers. We use odds rather than proportion because its distribution is close to normal with log transformation (Fox 1997). Our third outcome variable pertains to the presence of women in non-managerial white-collar positions. It is also measured as the log odds that women occupy such positions. Our last outcome variable pertains to the presence of women at the entry level. It is measured as the log odds that new hires for white-collar jobs are women.[8] As is shown in Figure 5, women's representation at all three levels of white-collar employment has been very stable during the observation period, which means that there has been little over-time change. As we will explain below, this aspect of our data affects our choice of analytical methods.

[Figure 5, about here]

Explanatory Variables

Our first explanatory variable pertains to the level of foreign share ownership, measured as the percentage of a company's shares held by foreign investors. This information comes from

[7]We also considered analyzing the presence of women in top management positions, but there were so few Japanese companies that had at least one woman in the top management team (less than one percent) during the observation period, which made it hard for us to attain reliable coefficient estimates.
[8]For this last outcome variable, we have data between 2001 and 2008.

Nikkei NEEDS. Our second explanatory variable pertains to the strategic influence of CSR/IR experts, measured as the percentage of CSR or IR executives on the board.[9] Finally, we include an interaction term between foreign-ownership and CSR/IR-board-membership variables to test *H3*.

Control Variables

We control for other important factors that may determine the level of workplace gender diversity. For each model, we control for women's representation at higher levels, in order to account for the women-help-women effect (Huffman, Cohen, and Pearlman 2010; Kurtulus and Tomaskovic-Devey 2012). For instance, when modeling women's representation in managerial positions, we control for the presence of female directors on the board. Similarly, for each model, we also control for women's representation at lower levels, in order to account for the constituency effect (Baron, Mittman, and Newman 1991). Sex segregation is also an important determinant; women in highly segregated workplaces interact with only women in lower-rank positions, and thus have fewer chances to demonstrate their abilities and get promoted (Kalev 2009). As we have explained above, after the enactment of the EEO Law in 1985, many Japanese companies adopted a two-track system, which channels men and women into promotional and non-promotional tracks, respectively. We include a binary variable for companies with the two-track system.

We also control for factors that can counteract the effects of our key explanatory variables. First, studies have shown that ownership by domestic investors can mitigate the effect of foreign share ownership (Ahmadjian and Robbins 2005). To take this into account, we control

[9]Alternatively, one can use the presence of a CSR or IR department as a measure of the within-firm influence of CSR/IR experts. But we think our board-membership measure is a better measure for that, given the fact that the board of directors in Japan is the primary corporate decision-making body, composed almost exclusively of senior executives.

for domestic ownership, measured as the percentage of a company's shares held by Japanese financial institutions. Second, the strategic influence of HR experts may lessen that of CSR/IR experts because HR experts, who are a powerful group in traditional Japanese companies, may not welcome the rise of new expert groups and attempt to limit the influence of CSR/IR experts. To account for this, we include the percentage of HR executives on the board.

Finally, we include several measures of financial and other firm characteristics that can affect women's representation in the workplace at different levels. Board size is measured as the total number of directors on the board. Firm performance is measured by return on assets and profits per employee measure firm performance. Labor costs per employee are also controlled for. Finally, firm size is measured by the total number of employees and total assets. Table 1 reports descriptive statistics and correlation coefficients for variables used in the analysis.

[Table 1, about here]

Statistical Methods

We have four different outcome variables and use the most appropriate statistical methods for each outcome variable. The first outcome variable is the appointment of a female director. This outcome is the occurrence of an event, and thus we conduct event history analysis. We use a discrete-time model because we do not know the exact date of the appointment but only know the year in which it occurred (Allison 1982). The estimation is done with the complementary log-log specification. Since some companies experienced the event (i.e., appointing a female director) more than once during the observation period, we use robust standard errors that cluster by firm (Allison 1995).[10] We estimated a random-effect complementary log-log model, and the result was substantively the same.

[10] 15 firms out of 112 firms that ever appointed a female director during the observation period did so more than once.

The remaining three outcome variables are all continuous variables; thus, the linear regression model will do the job. Because of the panel data structure of our data, ordinary least squares (OLS) regression does not account for dependence among observations from the same firm and thus may not provide consistent coefficient estimates (Greene 2008). One solution is to use the random-effects model. The fixed-effects model is another option, but this option is less feasible for our data. As is shown in Figure 5, there is little over-time change in the percentage of female employees at the managerial, non-managerial, and entry levels. Using the fixed-effects model can thus be problematic because it only utilizes within-firm variation. Hence, we present the results of the random-effects models. We nevertheless ran fixed-effects models as a robustness check, and the results were substantively the same, particularly for the effect of the foreign-ownership variable (see Table 3).

RESULTS

We present the results of the event history and the random-effects models in Table 2. For each outcome variable, we present three models: the first one only includes control variables, the second one adds our key explanatory variables for foreign share ownership and the within-firm influence of CSR/IR experts, and the last one adds the interaction term between the two explanatory variables. The first three models report the results of the event history analysis of female-director appointments. For this analysis, the outcome is the rate of female-director appointments; exponentiated coefficient estimates (i.e., [exp(ß)-1]*100) can be interpreted as the percentage change in the rate associated with a one-unit change in a given explanatory variable. The remaining models report the results of the random-effects models of the log odds of women at the managerial, non-managerial, and entry levels, respectively. Because the outcome variables are log odds, the exponentiated coefficient estimates can be interpreted as the percentage change in odds, which is more intuitive than log odds. Once transformed this way, the coefficient represents the average percentage change in the odds, for example, that managers are female, associated with a one-unit change in the explanatory variable.

[Table 2, about here]

The results in Table 2 generally support most of our hypotheses. First, we expect that foreign share ownership will increase workplace gender diversity, because diversity management is constructed as a signal to foreign investors. There is a significantly positive effect of foreign share ownership on gender diversity; however, as we predicted, this positive effect is limited to the director and managerial levels, which are more visible to foreign investors. Specifically, one percentage point increase in foreign share ownership increases the rate of female-director appointments by 2.5 percent (=[exp(0.025)-1]*100). Similarly, one percent increase in foreign share ownership leads to 0.7 percent increase (=[exp(0.007)-1]*100) in the odds of female managers. In contrast, foreign share ownership does not significantly increase gender diversity at the non-managerial and entry levels. These null effects are consistent with our visibility argument that firms embrace workplace gender diversity as a signal to foreign investors, rather than out of certain internal considerations; hence, they promote workplace gender diversity primarily at the upper ranks that are more visible to external observers.[11]

Second, we expect that the within-firm influence of CSR or IR experts as board members will increase workplace gender diversity, given their crucial roles in constructing gender diversity as a signal to foreign investors. The results support this prediction; such firms with CSR or IR board members are more likely to appoint female directors and promote women to

[11]In an attempt to promote diversity at the upper ranks, Japanese companies often turn to external hiring. A CSR manager at a diversified manufacturing company, whom we interviewed, said that the company was searching externally to hire women for senior management positions, because there was no internal woman “well-qualified” for the positions.

managerial positions. Specifically, increasing the percentage of such board members by about 7 percentage points[12] increases the rate of female-director appointments by 58 percent (=[exp(0.065*7)-1]*100) and the odds of female managers by 8 percent (=[exp(0.011*7]*100). As is the case with foreign share ownership, however, the board membership of CSR or IR executives does not significantly increase gender diversity at the non-managerial and entry levels. In fact, the result in Model 8 suggests that firms with such directors tend to have fewer female white-collar employees. These findings are again consistent with our visibility argument: companies attend to gender diversity only at upper ranks more visible to external observers.

Finally, we expect that the within-firm influence of CSR or IR executives on the board of directors will enhance the positive effect of foreign share ownership. This positive interaction effect is observed for the relative proportion of female directors. Assume a typical Japanese firm in our sample with a 15-member board of directors. The result in Model 6 suggests that, without a CSR or IR board member, a one percentage point increase in foreign share ownership will lead to a 0.7 percent increase (=[exp(0.007)-1]*100) in the odds of female managers, but that, with one CSR or IR board member, the same increase in foreign share ownership will lead to a 5 percent increase in the odds of female managers. A similar positive interaction effect is observed for the rate of female-director appointments, but the coefficient for the interaction term in Model 3 is only marginally significant. Finally, consistent with our visibility argument, there is little evidence for the same positive interaction effect when the outcome variables are the log odds of female non-managerial employees and female new hires.

Robustness Checks

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[12]This is roughly equivalent to adding one CSR or IR executive as a board member because the average board size of Japanese companies during the observation period is 15.

We take the issue of causality seriously and thus take additional steps. First, as we have explained above, we run fixed-effects models. The fixed-effects model provides more stringent tests of hypotheses about how changes in independent variables affect outcomes, by controlling for time-invariant firm-specific characteristics (Allison 2005). We run the fixed-effect model for the three continuous outcome variables. The fixed-effect model is less feasible for the appointment of female directors, because few firms experienced the event more than once during the observation period; the fixed-effect version of the event history model would only include firms with multiple events (Allison 2005). The results, reported in Table 3, are substantively similar to the results from the random-effects models, especially for the effects of our key explanatory variables for foreign share ownership, CSR/IR executives, and their interaction.

[Table 3, about here]

Another important causal issue is reverse causality; foreign investors may buy shares of firms with a female director or with a higher proportion of female managers.[13] To address this issue and make a stronger causal inference about the effect of foreign share ownership, we replicate our models using models with instrumental variables (Angrist and Pischke 2009). Our instrumental variable for foreign share ownership is the average stock price of American firms in the same industry as that of a given Japanese company for a given year. Our assumption is that the variable will affect the level of foreign share ownership in Japan but not women's representation in Japanese companies. For the event history models, we run the instrumental-variable probit models using STATA's ivprobit command, and for the random-effects models, we run the instrumental-variable random-effects models using STATA's xtivreg command. The results, reported in Table 4, are substantively similar for the effect of foreign share ownership; it

[13]Reverse causality is less likely to be an issue with the positive effect of the presence of IR or CSR executives on the board. It seems unlikely that female directors or managers promote such directors.

promotes workplace gender diversity at the board and managerial levels but not at the non-managerial and entry levels. The effect size of foreign share ownership becomes larger with instrumental variables. The effect of CSR/IR becomes statistically insignificant, but, it is still marginally significant.

[Table 4, about here]

Control Variables

Several control variables have expected effects on workplace gender diversity. The results in Table 2 provide evidence of both the women-help-women effect and the constituency effect. On the one hand, firms with female directors tend to have more female managerial and non-managerial employees. Similarly, firms with more female managers tend to have more female non-managerial employees and to hire more women. On the other hand, firms with more female managers are more likely to appoint female directors. Likewise, firms with more female non-managerial employees tend to have more female managers. Workplace sex segregation has a significant effect, but the effect considerably differs at different job levels. Firms with the two-track system—our measure of sex segregation—tend to have fewer female directors and female managers, whereas they tend to have more female non-managerial employees and to hire more female white-collar workers. These patterns suggest that such firms mostly hire women for jobs in the non-promotional track, such as secretaries and low-level administrators.

HR executives seem to play little role in promoting workplace gender diversity; in most cases, the effect of HR board members is insignificant. As main architects of the traditional internal labor market system, which is composed of highly sex segregated promotion and hiring practices, HR executives seem unlikely to promote workplace gender diversity. Also interesting is the effect of ownership by domestic financial institutions. Domestic ownership tends to have a negative effect on workplace gender diversity, except for its positive effect on the appointment of female directors; however, this positive effect becomes statistically insignificant once our key explanatory variables are added. Other than the positive effect of labor costs, most economic and financial variables do not have any statistically significant effect. Finally, large firms tend to have fewer female managers and to hire fewer women.

CONCLUSION

This paper brings the role of local actors into the center of the globalization process and demonstrates how local actors can actively construct global standards, contributing to reforming local organizational practices. In investigating how the increasing representation of foreign investors from relatively more gender-integrative cultures affects gender diversity in Japanese companies, which show an extremely high level of gender inequality, we highlight the role of IR and CSR experts of major Japanese companies in mediating the process. These experts constructed a higher level of workplace gender diversity as a global standard that foreign investors purportedly pay attention. Our analysis shows that as foreign share ownership increases, Japanese companies increase gender diversity; but, reflecting their construction of gender diversity as a way to send a signal to external observers, they only increase gender diversity in board and managerial positions, which are more visible than non-managerial and entry-level positions.

This paper contributes to several literatures. First, our findings highlight the role of local actors in mediating the impact of globalization, which has thus far remained under-researched in the literature of globalization and institutional change (Campbell 2004; Guillén 2001a). We highlight the active role of local actors who introduce and redefine global standards within the local context. Previous studies have also acknowledged the role of local actors but have mostly focused on how they resist foreign influences (e.g., Ahmadjian and Robbins 2005). Our study demonstrates that local actors not just passively react to global norms but actively act upon them; they can strategically utilize foreign pressures as an opportunity to reform local institutions and practices. Through this active agency of local actors, the outcome of the same global forces can diverge, which may explain the persistent local variation in the middle of the increasing efforts at global norm-building (Halliday and Carruthers 2007).

This paper also contributes to a broader organizational literature on organizational mediation of external institutional demands. Scholars of organizations have long noticed that the link between external demands and internal responses is less than certain (Cyert and March 1963; March and Simon 1958). In particular, institutionalists have maintained that the very nature of external demands is susceptible to constant defining and redefining by internal groups with vested interests, and that proper solutions have to be constructed as such by certain internal groups rather than being given naturally (Dobbin and Kelly 2007; Dobbin and Sutton 1998; Edelman 1992). Our study illustrates how this process unfolds in the context of globalization and proposes the local construction of global standards. Although foreign investors in Japan have not actively advocated workplace gender diversity, their advocacy of the issue has been constructed by CSR and IR experts at major Japanese companies. Those expert groups have locally promoted the idea that a high level of gender diversity has become a global standard and that falling behind the global standard would hurt the ability of Japanese companies to attract foreign investors. As a result, Japanese companies, particularly those with a high level of foreign share ownership, have begun to improve workplace gender diversity in order to send a proactive signal to foreign investors.

The active role of CSR and IR experts in promoting workplace gender diversity in Japan, which was traditionally considered to be a task of HR experts, is rather unexpected. This is also quite different from what happened in the U.S., where it was also primarily HR managers who promoted workplace diversity in response to the EEO Law (Dobbin 2009). The primary reason is that domestic reform efforts, such as the EEO Law, mostly failed to improve gender diversity, partly because of the resistance from HR experts who worried that incorporating a female workforce could undermine the efficiency of internal labor markets. Due to local resistance, it has been suggested that changes come from outside through forces of globalization. In this respect, CSR and IR experts are at strategic positions to tap global forces so that they can reshape local agendas in their own terms. These expert groups, because of the nature of their tasks, compared to other experts at major Japanese companies, are exposed to diverse external demands and are aware of various new developments abroad. Hence, they have noticed both the growth of socially responsible investing in Europe and in the U.S. and the increased corporate as well as public attention to the issue of workplace diversity. In many ways, they meet the description of institutional entrepreneurs who are "located at the borders and interstices of several social networks, organizational fields, or institutions" (Campbell 2004p. 74). Our study provides a concrete example and reiterates global-connectedness as a key requirement of effective institutional entrepreneurship in the era of globalization.

This paper contributes to the debate on the impact of globalization on women. The debate between the negative and positive impact of foreign investment has primarily focused on developing and under-developed countries (Moghadam 2007; Pearson 1991; Pyle 1999; Villarreal and Yu 2007). This paper offers a case of a postindustrial society which is not only actively globalizing forces but are also exposed to the forces themselves. In addition, by examining domestic companies that try to attract foreign investment, rather than foreign companies, we explore a new kind of foreign influence that differs from foreign direct investment, which has been the primary subject in the literature. This paper provides evidence of a positive influence from foreign actors on gender equality, but it also shows their limitations. Because foreign investment increases gender diversity only in boards and managerial positions where women's representation is very low, the majority of women in lower-ranked positions have not benefited in Japan. The positive influence may be extended to non-managerial positions in the future, because female managers and board members tend to nurture a gender-equal climate and promote women's advancement (Cohen and Huffman 2007; Ely 1995; Huffman, Cohen, and Pearlman 2010; Kurtulus and Tomaskovic-Devey 2012); however, it is also likely that those women may be considered tokens and have limited power within organizations, resulting in no substantive improvement (Kanter 1977; Konrad, Kramer, and Erkut 2008). Future research is thus warranted to understand how further positive changes can be generated.

Although Japanese companies are often thought to be very slow to change, our findings identify an internal mechanism for change. Japanese companies have been considered a land of wasted human capital due to the traditional employment system that generates and maintains gender inequality in employment, training, and promotion (Brinton 1993; Mun 2010; Ono 2010). Despite legal and social pressures in the past two decades, women have remained marginalized in workplaces, suggesting that external pressures alone are not enough to change Japanese companies. External pressures, however, are not completely futile when there are internal groups that promote change. This paper shows that changes in the external environment can create a new opportunity structure for intra-organizational groups, which may mediate external pressure and change the organization from the inside. Our study shows that CSR and IR experts have played a role in promoting gender diversity within Japanese companies in response to increased foreign share ownership of Japanese companies. Although their promotion of gender diversity may not lead to substantive change immediately, it may do so ultimately if it enhances the voices of other important internal constituents, such as female directors and managers.

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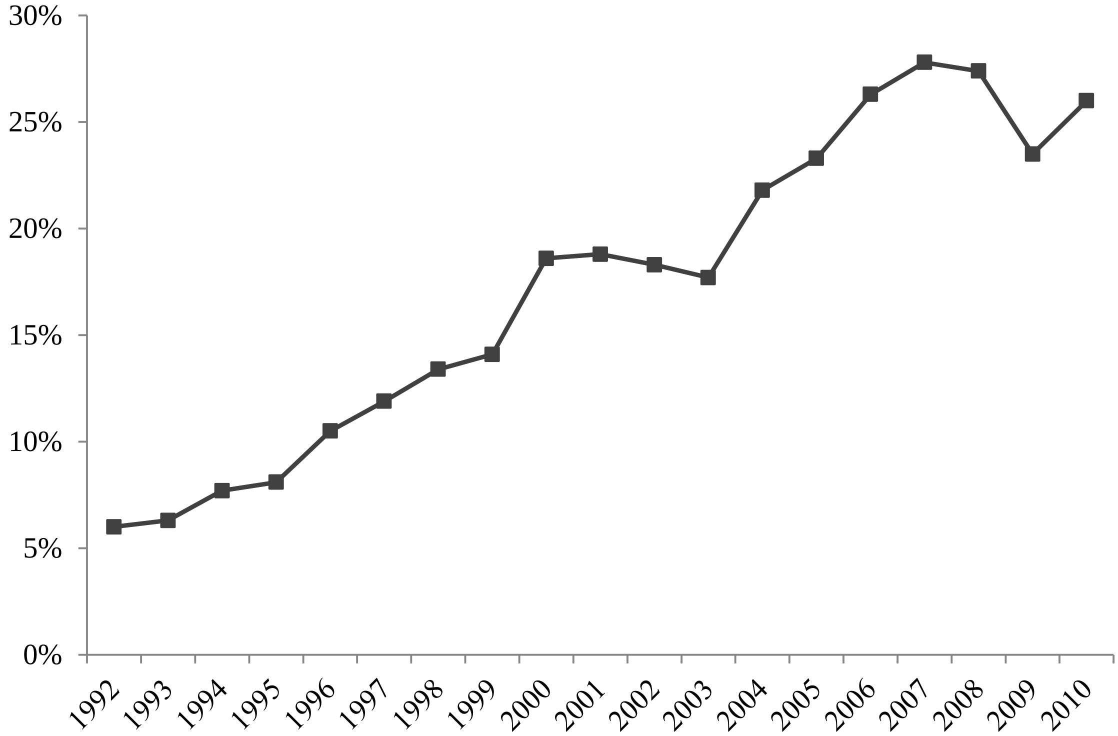

Figure 1: Foreign Ownership (All Listed Japanese Companies)
Data Source: Tokyo Stock Exchange Fact Books

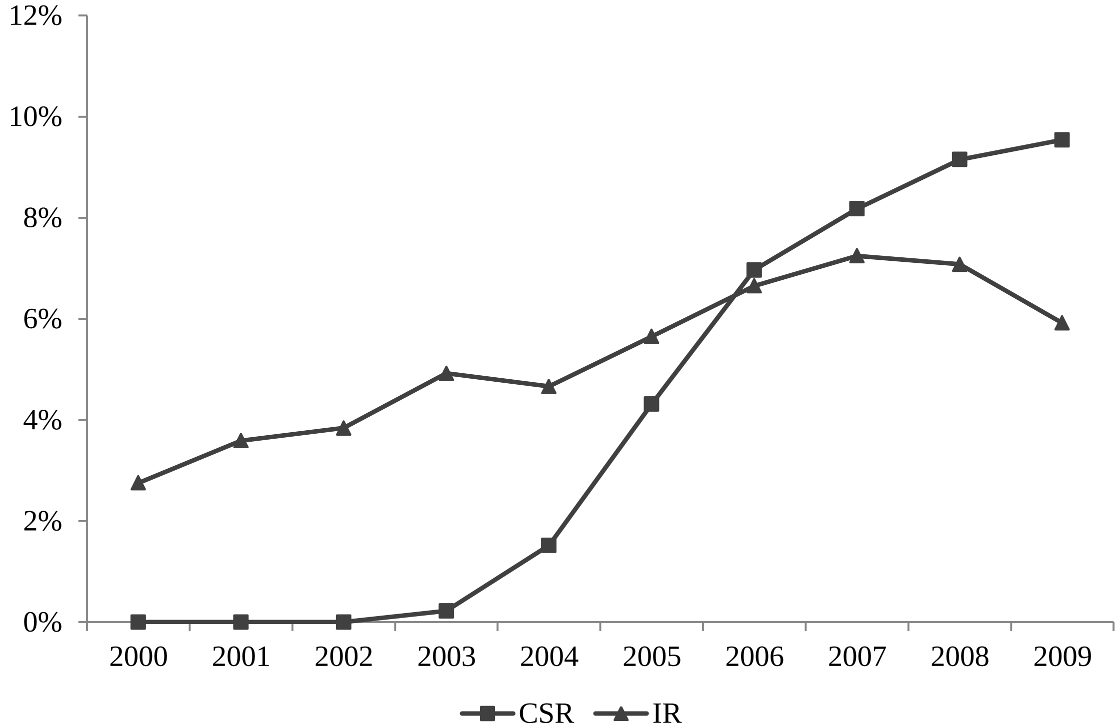

Figure 2: Japanese Firms with at Least One CSR or IR Executive on the Board

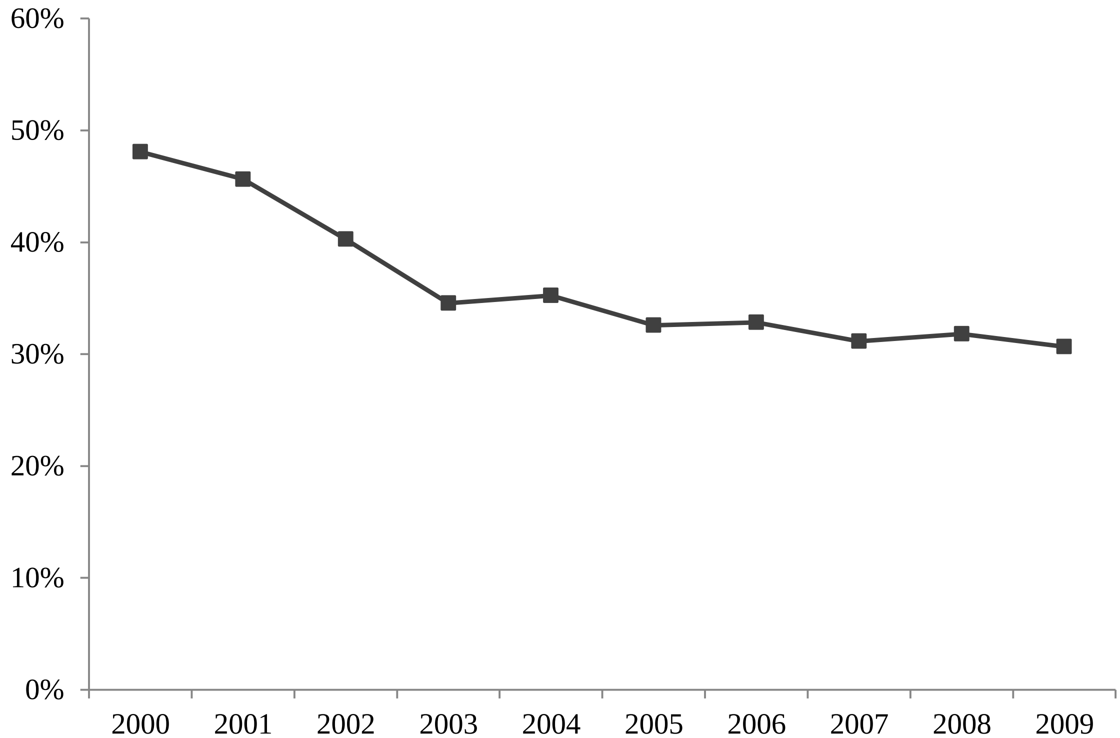

Figure 3: Japanese Firms with at Least One HR Executive on the Board

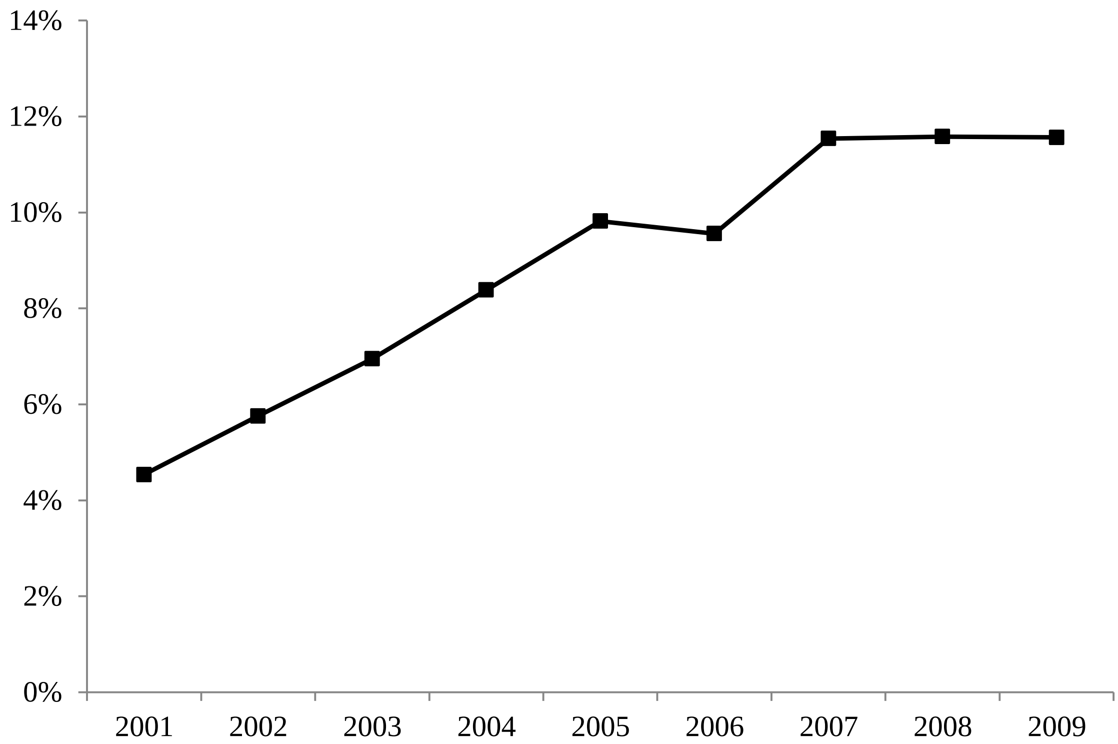

Figure 4: Japanese Firms with at Least One Female Director

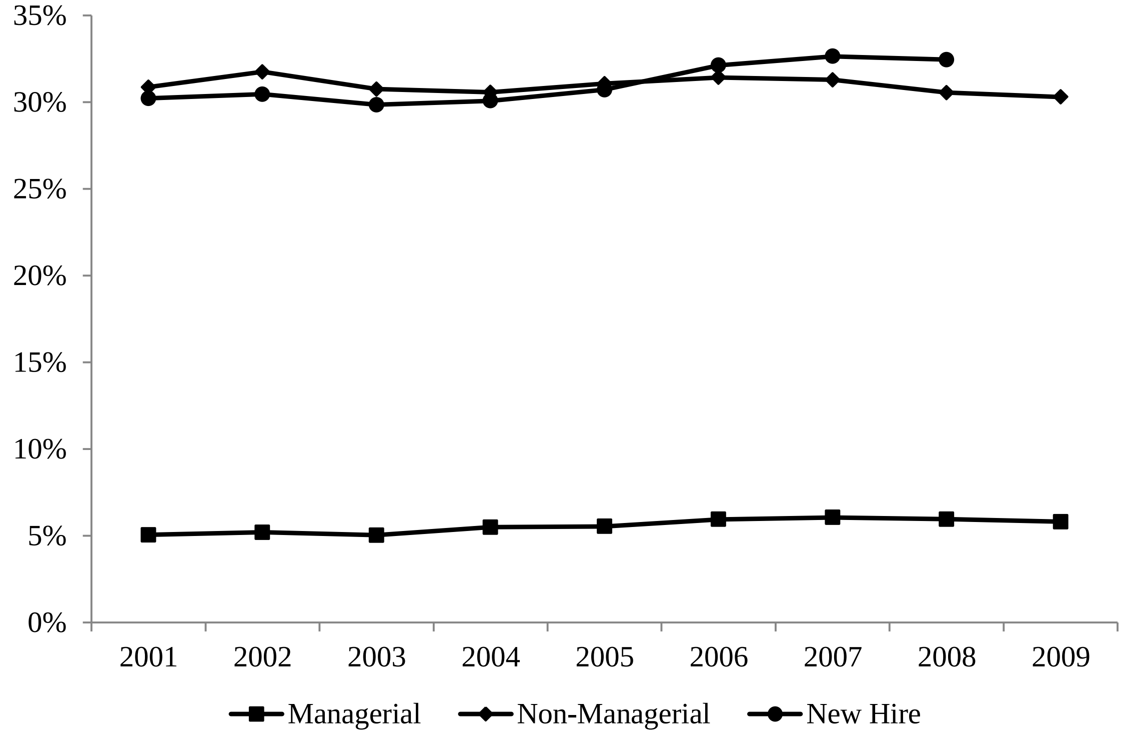

Figure 5: Women’s Representation in the Japanese Workplace

Table 1: Descriptive Statistics and Correlation Coefficients

	Mean	Std. Dev.	1	2	3	4	5	6	7	8
1. Appointment of Female Directors	0.016	0.127								
2. Log Odds Female Managerial Employees	-3.561	1.439	0.116							
3. Log Odds Female Non-Managerial Employees	-0.922	1.018	0.073	0.530						
4. Log Odds Female New Hires	-0.931	1.130	0.089	0.507	0.566					
5. Foreign Ownership	13.560	12.092	0.064	-0.044	-0.025	-0.080				
6. % IR/CSR Executives on the Board	0.615	2.233	0.069	0.018	0.014	0.005	0.086			
7. % Female Directors	0.828	2.959	0.109	0.265	0.176	0.199	0.027	0.015		
8. % Female Managers	5.356	9.343	0.128	0.755	0.572	0.485	-0.013	-0.001	0.259	
9. % Female White-Collar Employees	21.343	13.941	0.094	0.590	0.865	0.603	-0.040	-0.015	0.244	0.708
10. Dual-Track System	0.348	0.476	-0.044	-0.147	0.112	0.131	0.003	0.003	-0.071	-0.104
12. Ownership by Domestic Fin. Instit.	30.827	14.600	0.032	-0.317	-0.059	-0.191	0.288	0.111	-0.147	-0.218
13. % HR Executives on the Board	2.457	3.560	0.008	-0.063	-0.029	-0.035	-0.084	0.072	-0.076	-0.051
14. Number of Directors	15.641	5.987	-0.008	-0.256	-0.075	-0.209	0.082	0.015	-0.129	-0.164
15. Return on Assets	2.354	5.050	-0.005	0.147	0.040	0.061	0.175	0.011	0.126	0.124
16. Profits per Employee	1.681	248.724	0.001	0.011	0.013	0.015	0.089	0.059	0.005	0.004
17. Labor Costs per Employee	1.394	0.878	0.049	0.163	0.196	0.222	0.009	0.049	0.011	0.112
18. Number of Employees	7.390	1.188	0.015	-0.355	-0.168	-0.271	0.295	0.047	-0.123	-0.235
19. Total Assets	11.821	1.492	0.032	-0.341	-0.037	-0.197	0.426	0.120	-0.136	-0.228

	9	10	11	12	13	14	15	16	17
10. Dual-Track System	0.049								
12. Ownership by Domestic Fin. Instit.	-0.133	0.078							
13. % HR Executives on the Board	-0.054	-0.012	0.105						
14. Number of Directors	-0.160	0.070	0.350	0.136					
15. Return on Assets	0.092	0.017	-0.107	-0.074	-0.109				
16. Profits per Employee	0.007	0.020	0.004	-0.001	-0.020	0.304			
17. Labor Costs per Employee	0.188	-0.058	0.008	0.039	-0.034	-0.111	0.068		
18. Number of Employees	-0.222	-0.014	0.465	0.104	0.464	-0.083	-0.096	-0.255	
19. Total Assets	-0.139	0.037	0.583	0.062	0.472	-0.176	0.047	0.172	0.685

Table 2: The Effects of Foreign Ownership on Women's Representation at Four Different Ranks

	Appointment of Female Directors			Log Odds Female Managerial Employees			Log Odds Female Non-Managerial Employees			Log Odds Female New Hires		
	Complementary Log-Log			Random-Effects			Random-Effects			Random-Effects		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Foreign Ownership		.025*	0.023		.007***	.007***		-0.001	-0.001		-0.003	-0.003
		(0.012)	(0.013)		(0.002)	(0.002)		(0.001)	(0.001)		(0.002)	(0.002)
% IR/CSR Executives on the Board		.065*	-0.030		.011*	-0.005		-.008*	-0.003		-0.009	-.023*
		(0.028)	(0.064)		(0.005)	(0.009)		(0.003)	(0.006)		(0.006)	(0.011)
Foreign Ownership * IR/CSR			0.004			.001*			-0.0003			0.001
			(0.002)			(0.0004)			(0.0003)			(0.001)
% Female Directors				.012*	.011*	0.010	.022***	.022***	.023***	0.003	0.003	0.003
				(0.005)	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)	(0.006)	(0.006)	(0.006)
% Female Managers	.030**	.026*	.026*				.031***	.032***	.032***	.020***	.020***	.020***
	(0.011)	(0.012)	(0.012)				(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
% Female White-Collar Employees	0.017	0.019	0.019	.029***	.029***	.029***				.023***	.023***	.023***
	(0.010)	(0.011)	(0.011)	(0.002)	(0.002)	(0.002)				(0.002)	(0.002)	(0.002)
Dual-Track System	-.889**	-.867**	-.849**	-.143***	-.142***	-.143***	.125***	.125***	.126***	.430***	.429***	.428***
	(0.332)	(0.329)	(0.330)	(0.035)	(0.035)	(0.035)	(0.023)	(0.023)	(0.023)	(0.036)	(0.036)	(0.036)
Ownership by Domestic Fin. Instit.	.023*	0.020	0.020	-.006***	-.005**	-.005**	-.003**	-.003**	-.003**	-0.002	-0.002	-0.002
	(0.012)	(0.012)	(0.012)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
% HR Executives on the Board	-0.011	-0.003	-0.001	0.003	0.004	0.004	-0.003	-0.003	-0.003	0.005	0.005	0.005
	(0.039)	(0.040)	(0.040)	(0.003)	(0.004)	(0.003)	(0.002)	(0.002)	(0.002)	(0.004)	(0.004)	(0.004)
Number of Directors	-0.014	-0.009	-0.008	-0.005	-0.004	-0.004	0.001	0.0003	0.0002	-.011***	-.012***	-.012***
	(0.022)	(0.023)	(0.023)	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Return on Assets	0.018	0.002	0.0002	0.003	0.002	0.002	-0.001	-0.001	-0.001	0.001	0.002	0.002
	(0.045)	(0.044)	(0.043)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.003)	(0.003)	(0.003)
Profits per Employee	0.0002	-0.0001	-0.0004	-0.0004	-0.0004	-0.0004	-0.0002	-0.0002	-0.0002	0.00001	0.00002	-0.00003
	(0.002)	(0.002)	(0.002)	(0.0002)	(0.0002)	(0.0002)	(0.0002)	(0.0002)	(0.0002)	(0.0004)	(0.0004)	(0.0004)
Labor Costs per Employee	0.281	0.296	0.306	.082*	.082*	.085**	0.043	0.041	0.040	.165***	.163***	.164***
	(0.182)	(0.191)	(0.191)	(0.033)	(0.033)	(0.033)	(0.023)	(0.023)	(0.023)	(0.030)	(0.030)	(0.030)
Number of Employees	0.059	0.099	0.087	-0.012	-0.010	-0.008	0.002	-0.001	-0.001	0.034	0.031	0.031
	(0.176)	(0.177)	(0.174)	(0.028)	(0.028)	(0.028)	(0.019)	(0.019)	(0.019)	(0.030)	(0.030)	(0.030)
Total Assets	0.134	-0.023	-0.022	-.232***	-.269***	-.272***	-0.012	-0.001	-0.00004	-.102***	-.086**	-.087**
	(0.149)	(0.180)	(0.181)	(0.030)	(0.031)	(0.031)	(0.021)	(0.022)	(0.022)	(0.026)	(0.028)	(0.028)
Constant	-8.426***	-7.180***	-7.089***	-1.787***	-1.486***	-1.471***	-1.091***	-1.176***	-1.184***	-.920***	-1.042***	-1.034***
	(1.322)	(1.544)	(1.551)	(0.275)	(0.283)	(0.283)	(0.194)	(0.200)	(0.200)	(0.221)	(0.231)	(0.231)
Year Fixed Effects	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included
Log Likelihood	-311.213	-307.435	-306.719									
R Squared				0.414	0.423	0.423	0.325	0.327	0.327	0.403	0.403	0.403
Number of Firm Years		4,052			3,754			3,881			3,492	
Number of Firms		832			798			818			805	

* p<.05; ** p<.01; *** p<.001 (two-sided tests)

Table 3: Fixed-Effects Models

	Log Odds Female Managerial Employees			Log Odds Female Non-Managerial Employees			Log Odds Female New Hires		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Foreign Ownership		.006**	.005*		-0.0003	-0.0001		-0.004	-0.004
		(0.002)	(0.002)		(0.001)	(0.001)		(0.002)	(0.002)
% IR/CSR Executives on the Board		.010*	-0.006		-.007*	-0.003		-0.010	-.026*
		(0.005)	(0.009)		(0.003)	(0.006)		(0.006)	(0.012)
Foreign Ownership * IR/CSR			.001*			-0.0002			0.001
			(0.000)			(0.0003)			(0.001)
% Female Directors	0.002	0.001		.023***	.023***	.007*	-0.005	-0.004	0.001
	(0.006)	(0.006)	(0.006)	(0.004)	(0.004)	(0.004)	(0.007)	(0.007)	(0.007)
% Female Managers			0.001	.006*	.007*	.023***	-0.0002	0.0004	-0.004
				(0.003)	(0.003)	(0.003)	(0.004)	(0.004)	(0.004)
% Female White-Collar Employees	0.001	0.002	0.002				-.008**	-.008**	-.008**
	(0.003)	(0.003)	(0.003)				(0.003)	(0.003)	(0.003)
Dual-Track System	-0.030	-0.031	-0.032	.092***	.092***	.092***	.526***	.527***	.525***
	(0.037)	(0.037)	(0.037)	(0.024)	(0.024)	(0.024)	(0.044)	(0.044)	(0.044)
Ownership by Domestic Fin. Instit.	-0.003	-0.002	-0.002	-.004**	-.004**	-.004**	-0.001	-0.002	-0.001
	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
% HR Executives on the Board	0.004	0.004	0.004	-0.003	-0.003	-0.003	0.004	0.004	0.004
	(0.004)	(0.004)	(0.004)	(0.002)	(0.002)	(0.002)	(0.004)	(0.004)	(0.004)
Number of Directors	-0.004	-0.004	-0.003	0.003	0.002	0.002	-.010**	-.010**	-.010**
	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
Return on Assets	0.001	-0.0002	-0.0001	-0.001	-0.001	-0.001	0.001	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.003)	(0.003)	(0.003)
Profits per Employee	-0.0002	-0.0002	-0.0003	-0.0002	-0.0002	-0.0002	0.0002	0.0002	0.0001
	(0.0002)	(0.0002)	(0.000)	(0.0002)	(0.0002)	(0.000)	(0.0004)	(0.0004)	(0.000)
Labor Costs per Employee	-.093*	-.093*	-.090*	-0.052	-0.055	-0.055	0.003	0.0002	-0.002
	(0.045)	(0.045)	(0.045)	(0.030)	(0.030)	(0.030)	(0.061)	(0.061)	(0.061)
Number of Employees	-.080*	-.078*	-.076*	0.0004	-0.003	-0.003	0.013	0.007	0.006
	(0.033)	(0.033)	(0.033)	(0.022)	(0.022)	(0.022)	(0.046)	(0.046)	(0.046)
Total Assets	-0.042	-0.071	-0.080	-.108**	-.101*	-.099*	-0.104	-0.081	-0.087
	(0.063)	(0.063)	(0.063)	(0.040)	(0.041)	(0.041)	(0.076)	(0.077)	(0.077)
	(0.672)	(0.674)	(0.674)	(0.425)	(0.428)	(0.429)	(0.810)	(0.815)	(0.816)
Year Fixed Effects	Included	Included	Included	Included	Included	Included	Included	Included	Included
R Squared	0.178	0.182	0.183	0.035	0.036	0.036	0.071	0.073	0.074
Number of Firm Years		3,754			3,881			3,492	
Number of Firms		798			818			805	

* p<.05; ** p<.01; *** p<.001 (two-sided tests)

Table 4: Models with Instrumental Variables

	Appoint-ment of Female Directors	Log Odds Female Managerial Employees	Log Odds Female Non-Managerial Employees	Log Odds Female New Hires
	IV Probit	IV RE	IV RE	IV RE
	Model 1	Model 2	Model 3	Model 4
Foreign Ownership	.089***	.058***	0.015	-0.002
	(0.023)	(0.016)	(0.016)	(0.019)
% IR/CSR Executives on the Board	0.021	0.008	-.009**	-0.010
	(0.014)	(0.005)	(0.003)	(0.005)
% Female Directors		0.009	.022***	-0.0002
		(0.006)	(0.004)	(0.006)
% Female Managers	-0.003		.029***	.018***
	(0.012)		(0.002)	(0.003)
% Female White-Collar Employees	.009*	.032***		.016***
	(0.004)	(0.002)		(0.002)
Dual-Track System	-0.186	-.145***	.123***	.460***
	(0.154)	(0.039)	(0.023)	(0.038)
Ownership by Domestic Fin. Instit.	-0.001	-0.0001	-0.001	-0.002
	(0.006)	(0.002)	(0.002)	(0.002)
% HR Executives on the Board	0.026	.014**	-0.001	0.005
	(0.014)	(0.005)	(0.004)	(0.005)
Number of Directors	0.019	-0.001	0.001	-.0127***
	(0.012)	(0.003)	(0.002)	(0.003)
Return on Assets	-.043*	-0.007	-0.003	0.002
	(0.018)	(0.004)	(0.003)	(0.004)
Profits per Employee	-0.0002	-.001*	-0.0003	0.0000
	(0.001)	(0.000)	(0.000)	(0.000)
Labor Costs per Employee	.130*	.086*	0.034	.153***
	(0.064)	(0.035)	(0.024)	(0.036)
Number of Employees	0.008	-0.008	0.003	0.041
	(0.065)	(0.030)	(0.020)	(0.034)
Total Assets	-.324**	-.489***	-0.079	-0.109
	(0.119)	(0.078)	(0.075)	(0.090)
Constant	0.472	0.294	-0.499	-0.711
	(1.979)	(0.661)	(0.639)	(0.730)
Year Fixed Effects	Included	Included	Included	Included
Log Likelihood	-15,098.226			
R Squared		0.307	0.229	0.374
Number of Firm Years	4,052	3,754	3,881	3,492
Number of Firms	832	798	818	805

* p<.05; ** p<.01; *** p<.001 (two-sided tests)