

# Diversity Equity Inclusion

## Proposals to Solve Gender Diversity Challenges in Japan's Startup Ecosystem

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July, 2022

FSA Open Policy Lab: Diversity, Equity & Inclusion in the Financial Sector





## Executive Summary

This report summarizes gender diversity challenges in Japan's startup ecosystem based on 19 individual interviews,<sup>(\*1)</sup> discussion at a workshop,<sup>(\*2)</sup> data analysis and literature review conducted by the Open Policy Lab.<sup>(\*3)</sup>

Three main findings in this report are as follows:

- Firstly, Japan needs to overcome the persistent gender inequality in the management of listed companies. **While numerous measures have been in force, female leaders of the newly listed companies account for only 2%** (See Page 5).
- Secondly, **gender diversity in the startup ecosystem is a critical agenda from economic perspectives**. Lacking in gender diversity, male-dominant companies may suffer from a variety of losses, including the impact on profitability.
- Third, **all stakeholders in the startup ecosystem should act now to change the status quo**. Investment in startups has been on the rise. If current practices remain unchanged, existing distortions would likely be maintained or even strengthened. Please refer to Page 16 and beyond for proposals.

We hope that this report will contribute to making Japan's startup ecosystem a better place for everyone.

\*1: During the period from October 2021 to January 2022, we interviewed a total of 19 professionals, including female entrepreneurs/capitalists who raised or aimed to raise funds, and those who provide support for such entrepreneurs.

\*2: On March 24, 2022, the FSA Open Policy Lab and MASHING UP held a joint workshop to discuss gender-related challenges surrounding female entrepreneurs in Japan. A total of 53 participants, including entrepreneurs, capitalists, government officials and university student, engaged in a dialogue on what is needed for a change ([https://www.mashingup.jp/2022/04/253045\\_workshop.html](https://www.mashingup.jp/2022/04/253045_workshop.html) [Available in Japanese]).

\*3: The FSA's Open Policy Lab is a framework for voluntary submission of policy proposals by employees. (<https://www.fsa.go.jp/en/about/openpolicylab.html>)



**Diagnosis**

# Structural and complex challenges behind tragic circumstances surrounding female entrepreneurs in Japan

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We deepened insights into the state of play around female entrepreneurs in Japan through individual interviews and literature review. We also shed a light on unnoticed figures from publicly available data to showcase the daunting reality around them.

We discovered that:

- Female leaders account for only 2% of the heads of new listed companies. Females are also under-represented in the fundraising stage from VCs.
- Behind this lie complex structural problems, which lead to various economic losses. Economic perspectives should play a critical part in solving gender diversity challenges.

P5

## Statistics presents a daunting reality

Female leaders make up only a small portion of founders and CEOs that raise funds from VCs or experience IPOs.

P6-

## Structural challenges exist across the globe

The challenges include the male dominance in VCs and entrepreneurs' networks as well as gender biases in business evaluation.

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## Economic perspectives are critical for change

Improving gender diversity has both social and economic benefits.

P14-

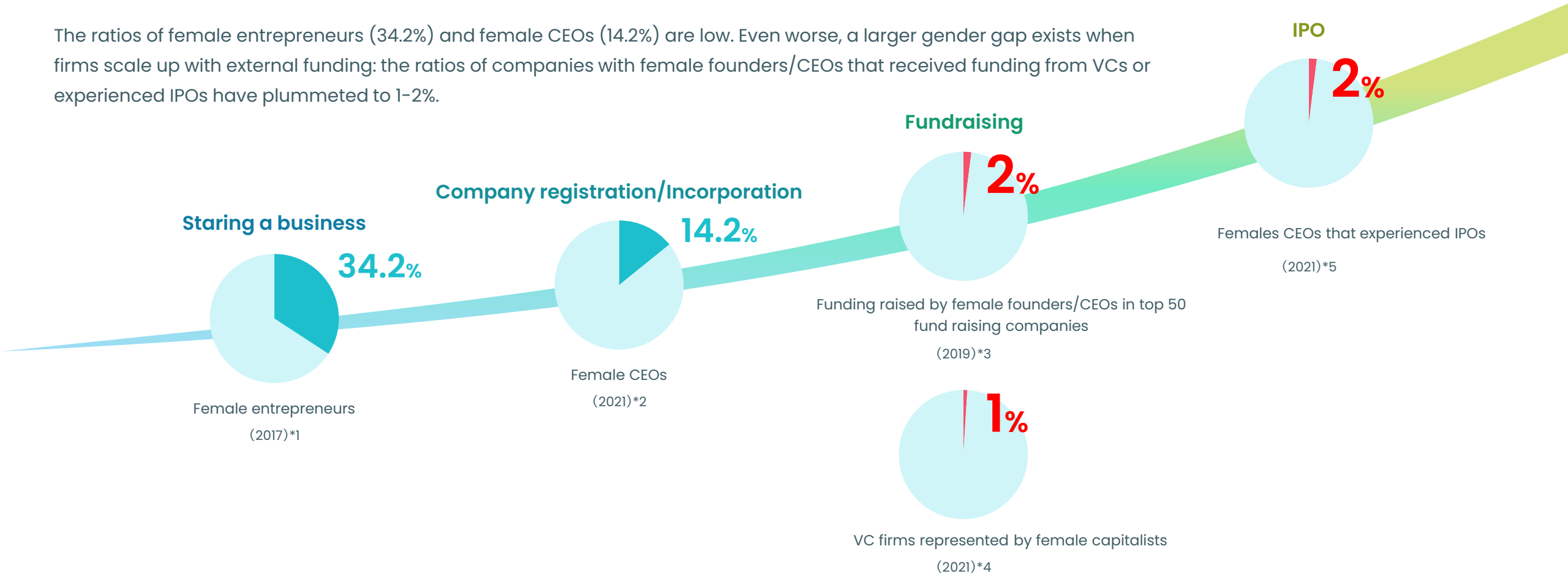
## Female entrepreneurs have the potential to unlock the future

Female entrepreneurs are full of possibilities, such as:

- encouraging diversity in organizations; and,
- discovering new business opportunities and solving social issues, which a male-dominant society tends to overlook.

# A gender gap exists among Japanese entrepreneurs

The ratios of female entrepreneurs (34.2%) and female CEOs (14.2%) are low. Even worse, a larger gender gap exists when firms scale up with external funding: the ratios of companies with female founders/CEOs that received funding from VCs or experienced IPOs have plummeted to 1-2%.



(Note) The populations of the data sets vary.

(\*1) Basic Survey on Employment Structure, Ministry of Internal Affairs and Communications in 2017. Entrepreneurs are those who have changed jobs or obtained a new job in the past year and are now "self-employed."

(\*2) Data base of Tokyo Shoko Research on business owners of approx. 4 million companies (including non-listed companies) in 2021 ([https://www.tsr-net.co.jp/news/analysis/20211102\\_04.html](https://www.tsr-net.co.jp/news/analysis/20211102_04.html)).

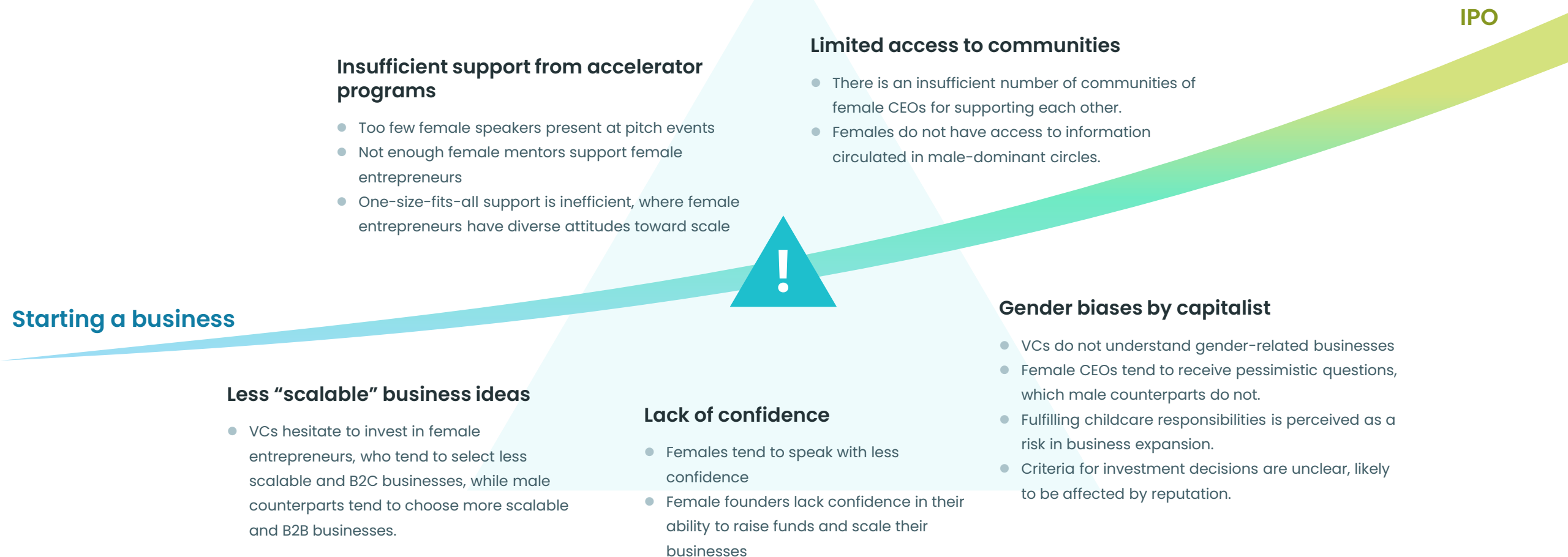
(\*3) STARTUPPDB's data on the top 50 companies ranked by fundraising in 2019 (<https://startup-db.com/magazine/category/research/funding-ranking-2019full>).

(\*4) Calculated based on a survey of 123 VC members of the Japan Venture Capital Association to determine whether female representatives are included (accessed in November 2021).

(\*5) Calculated based on 127 companies which completed IPO in 2021 (accessed in November 2021).

# Why the gender gap exists: from gender biases to access to communities

Female entrepreneurs face various challenges from early stages to IPO, such as access to communities and difficulty in obtaining support for their less-scalable business ideas.



Source: Interviews of 19 professionals, including female entrepreneurs/capitalists raised or aimed to raise funds, and those who provide support for such entrepreneurs, between October 2021 and January 2022.

# Why female entrepreneurs feel uncomfortable

It took me years to say I would be interested in IPO. Though I was confident in my business, I could not think of IPO as an option for me..



VC continued to ask me whether I would be interested in the same business in 10 years. Unlike male entrepreneurs, many females were often asked such similar questions.



Investment criteria are unclear. Experience and reputation seem to be quite important, which are difficult to measure.



A traditional path for business expansion from fundraising, scaling to IPO or M&A is often the case for male entrepreneurs. Female entrepreneurs may seek different paths.



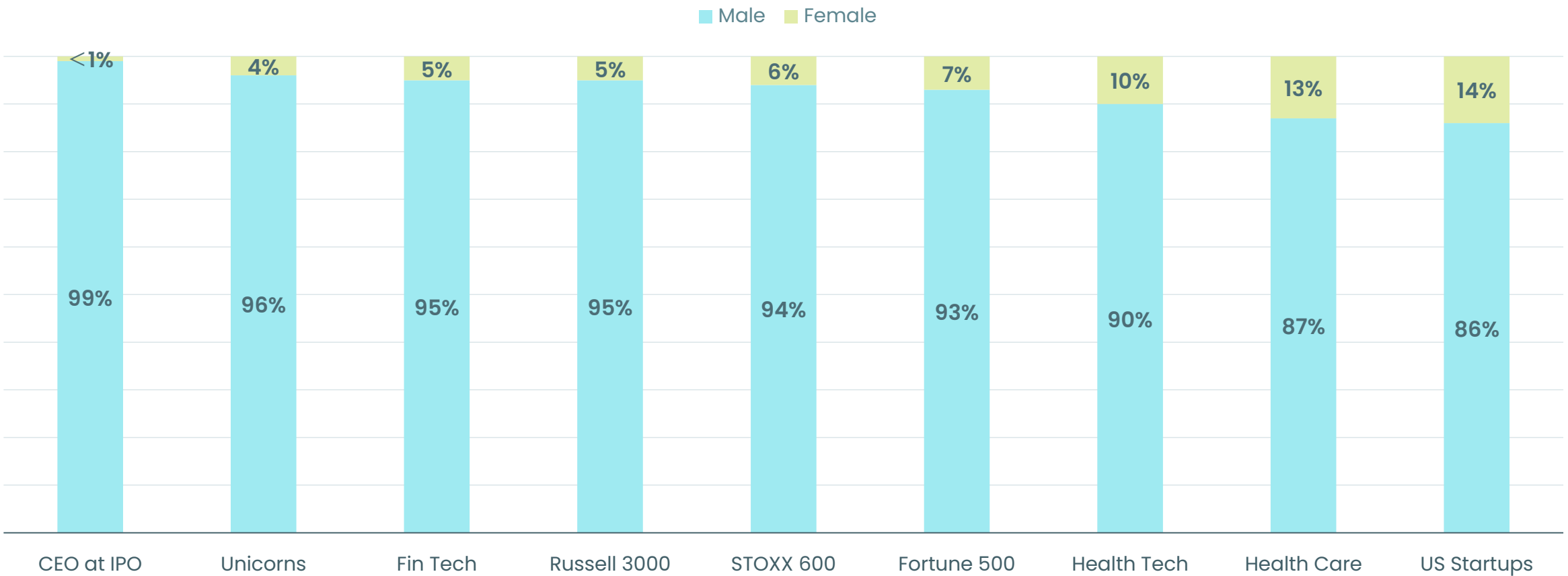
Female entrepreneurs do not have access to must-have information for CEOs. "Boys' club" is the place where such information is shared.



In our interviews, female entrepreneurs expressed discomfort with the male-oriented rule of the game, gender biases in business evaluation, and male dominance in communities.

(Source) Our interviews.

# Lack of post-IPO gender diversity across the globe



(Source) Holon IQ(2022) [“The 2022 Global State of Women's Leadership”](#)  
Russell 3000 seeks to be a benchmark of the entire U.S stock market; STOXX600 is a stock index of European stocks.



# Why female CEOs found fundraising challenging

Female CEOs' lack of access to capital is a global phenomenon.

## Raising money is catastrophically challenging for female founders

- The space of development tool is led predominately by white men. It takes a tremendous amount of energy and time for other people to generate interest in fundraising.
- There is a persistent perception that females are less aggressive in the process of advancing a funding round, both as founders and as VCs.
- This means that females are more risk averse, slower to move forward in the process, and less demanding.

(Source) Tech Crunch ["Raising money is catastrophically challenging for female founders"](#)

## Why aren't female founders getting a bigger piece of the pie?

- Despite the recent increase in female capitalists, female VCs are just as inclined to favor male founders as their male peers because female VCs also maintain patriarchal biases.
- VCs' enduring focus on presentations and pitch decks negatively impact underrepresented founders, who are typically inexperienced.

(Source) Tech Crunch ["Why aren't female founders getting a bigger piece of the pie? Theories abound"](#)

# Unconscious gender biases may affect evaluation

Unconscious biases in the evaluation process exist: for instance, projects run by male are likely to obtain a higher evaluation

## A lower evaluation when pitched by females

- When the same content is presented in both male and female voices, pitches with male voice are more likely to be favored.
- A male narrator is judged to be more “persuasive” and “factual.”

(Source) Brooks, A. W., Huang, L., Kearney, S. W., Murray, F. (2014) Investors prefer entrepreneurial ventures pitched by attractive men. *Proceedings of the National Academy of Sciences* 111(12): 4427–4431.

## A lower funding due to gender-biased questions

- Analysis of 189 pitches at TechCrunch Disrupt NYC in 2010–2016
- Judges tended to ask prevention-related questions to females and promotion-related questions to males.
  - Promotion-related question: How do you plan to acquire customers?
  - Prevention-related questions: What is your customer retention like? Are you operating at break even?
- Entrepreneurs tended to respond to the questions as they were asked. Entrepreneurs with promotional questions received more funding than those with prevention questions, resulting in a gender gap in funding allocation.
- TechCrunch entrepreneurs in 2010–2016 raised \$3.8 million less if asked prevention questions.

(Source) Kanze, D., Huang, L., Conley, M. A., & Higgins, E. T. (2018). We Ask Men to Win and Women Not to Lose: Closing the Gender Gap in Startup Funding. *Academy of Management Journal*, 61(2), 586–614.

# Limited access to networking restrains funding opportunities

Networking is critical for successful startups. Female founders have limited access to networking opportunities.

## Tight-knit network

- The VC industry is a tight-knit network in deal syndication and deal sourcing that goes beyond just VCs.

(Source) Brush, C., Greene, P., Balachandra, L., & Davis, A. (2017). The Gender Gap in Venture Capital – Progress, Problems and Perspectives. Venture Capital, 20(2), 115-136.

## Gender gap in access to advisors/capital

- In a survey of over 600 VCs, male entrepreneurs have more networks that provide access to advisors and capital.

(Source) Padnos, C. (2018). Gender Differences in Entrepreneurship: Voices of Founders and Funders (Illuminate Ventures Report).

## Investors' reliance on referrals

- Investors are more likely to invest in companies referred through "warm leads" than companies led by individuals not in their social networks.
- Female and colored entrepreneurs have fewer opportunities to connect with the venture capital networks which are predominantly white and male to secure investment.
- The social capital of entrepreneurs is associated with long-term performance of venture-backed firms.

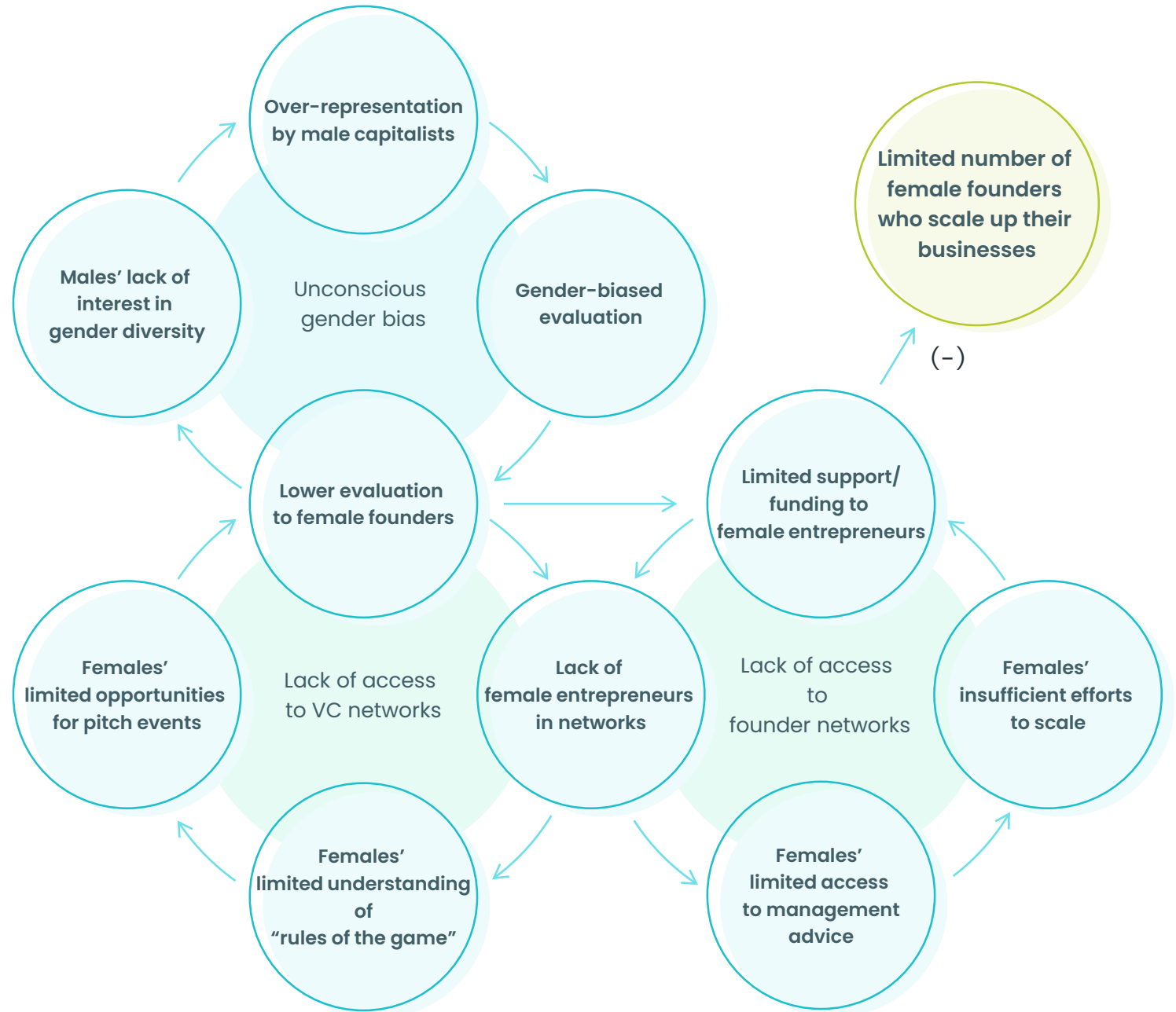
(Source) Kapor Center.. Leaky Tech Pipeline – Entrepreneurship & VC. (<https://leakytechpipeline.com/barrier/entrepreneurship-vc-barriers/>)

## A negative feedback loop

Obstacles faced with female founders are closely interrelated.

For example, (1) Few female entrepreneurs are in VC networks, which results (2) Females' limited access to management advice, which results that (3) Female-led businesses are less scalable, which results (4) Less funding to females, which results (1) ... (cont'd)

(Source) Issues are grouped using the causal loop diagram method based on the content of interviews and literature review conducted by the Lab.



# Enhancing gender diversity is critical from economic perspectives

Literature shows that enhancing gender diversity has economic as well as social benefits, such as higher performance in businesses with female than those with male alone.

## Female founders outperform

- Companies with a **female founder performed 63% better** than investments with all-male founding teams.

(Source) First Round "10 lessons" <http://10years.firstround.com/>

## Long-term win

- **Startups founded/co-founded by female perform better in the long run**, generating 10% more in cumulative revenue over 5 years: \$730K compared with \$632K.
- Startups founded/co-founded by female earn 78 cents on every \$1 invested, whereas male-founded startups earn only 31 cents.

(Source) BCG "Why Women-Owned Startups Are a Better Bet"  
<https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>

## Female capitalists matter

- VC firms that **increase female partners by 10% increase their returns by 1.5% annually, resulting in an exit that is 9.7% more profitable on average**

(Source) Gompers, P.A., & Kovvali, S. (2018, July–August). The Other Diversity Dividend. Harvard Business Review.

# Potential female founders can unlock [Views expressed at individual interviews]

An increase in female entrepreneurs will create new business opportunities, discover solutions to social challenges and enhance diversity in organizations.

## New business opportunities for VCs

- A target return could be maintained while increasing investments in female entrepreneurs, which resulted to connect with female entrepreneurs who have unique business insights.
- “Gender lens investments” (\*) have great potential. Male capitalists never understand Femtech.

\* Gender lens investments include investments in women-owned or women-led companies; investments in companies that promote workplace equity (in staffing, management, executive boards and supply chains); and investments in companies that provide products and services that significantly improve the lives of women and girls (GIIN).

## Seeking solutions to social issues

- Males tend to focus on making money as their primary objective, whereas many females want to solve their own difficulties.
- While female founders have diverse backgrounds, they tend to pay more attention to social issues.

## Diversity in organizations

- Female leaders have the potential to create an organization with diversity, which fits future trends. They could create an organization that would work efficiently, understand the limits of logic, and scale up with an understanding of social significance.
- Female leaders are likely to seek, not masculine, but servant leadership. Female tend to be better at leading a team of people with different age and thoughts.
- Female entrepreneurs used to be adapted to the male society. But now they want to be a new role model who cares both work and family.



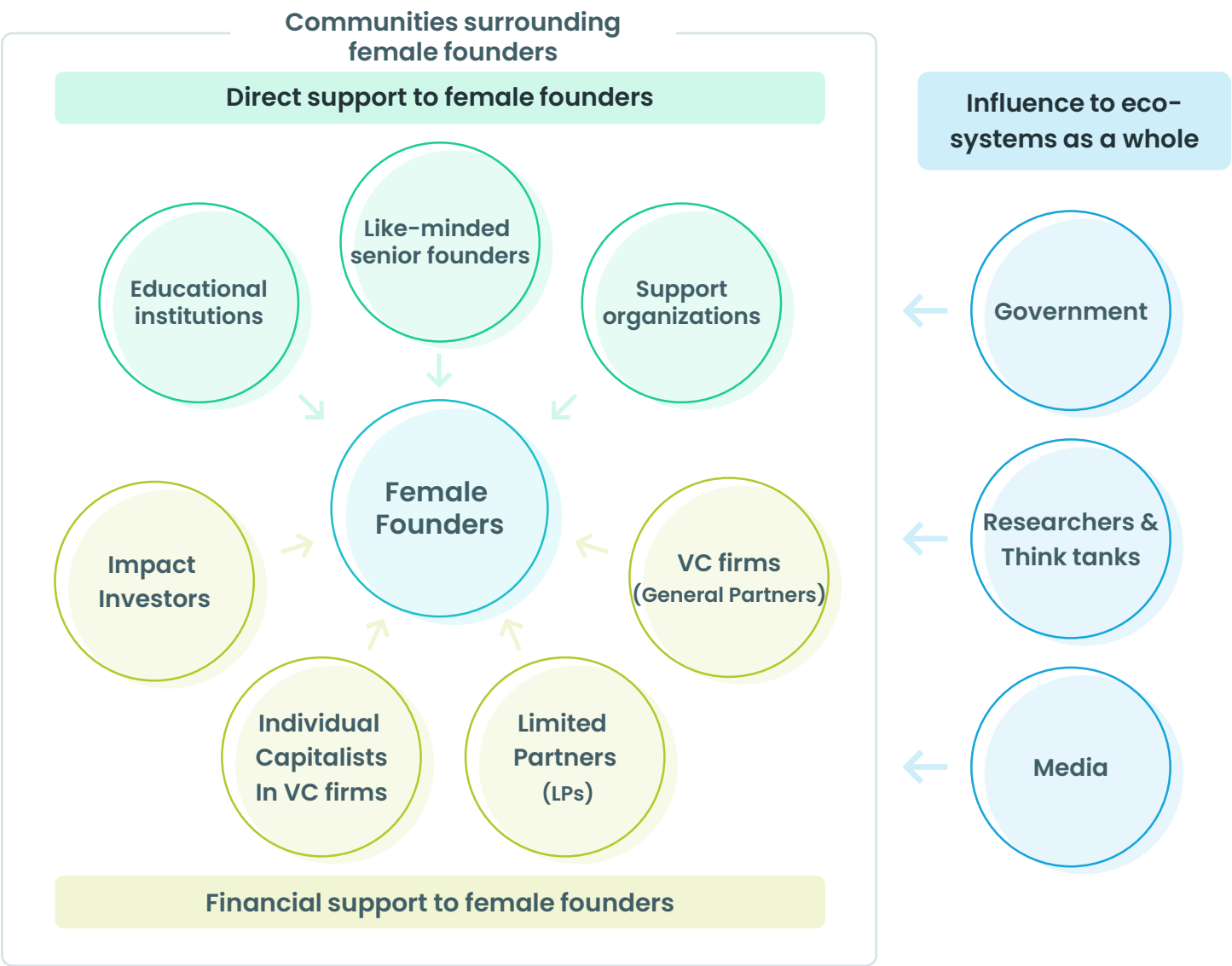
**Solutions to complex challenges**

# What should be done for addressing structural challenges

What is needed for change is the action of the majority (i.e., stakeholders surrounding female founders), not that of a minority (i.e., female founders). Major stakeholders are shown at right.

The following pages summarize “who should do what,” based on discussions at the workshop. Please refer to page 34 for the high-level overview.

Investment in startups is on the rise. If current practices remain unchanged, the existing distortion would likely be maintained or even strengthened. All stakeholders in the startup ecosystem should act now to change the status quo.





## Seven key perspectives for enhancing gender diversity

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We identified seven perspectives for enhancing gender diversity based on our interviews, workshop and literature review.

- 1 Eliminate gender imbalance and gender biases of supporters
- 2 Promote entrepreneurship education
- 3 Create a community for female founders & provide access to networks
- 4 Diversify options for exit and assessment perspectives
- 5 Accelerate support programs to female founders
- 6 Strengthen government leadership
- 7 Raise awareness

## Eliminate gender imbalance and gender biases of supporters

VC Firms

LPs

Capitalists

Support Organizations

- The workshop received a number of comments on gender imbalance and unconscious biases in those who support entrepreneurs. Literature shows that females tend to be asked preventive questions, which we have also confirmed at individual interviews.
- Possible solutions include:
  - ✓ Introducing guidelines for gender balance, such as on gender ratios about speakers and judges at pitch events;
  - ✓ Improving the gender imbalance of venture capitals (e.g., recruitment, retention and promotion);
  - ✓ Improving the gender imbalance of LPs to diversify perspectives in due diligence;
  - ✓ Eliminating unconscious gender bias in the selection of invested firms (see next page for unconscious bias); and,
  - ✓ Strengthening support (e.g., mentoring, sponsoring and coaching) from senior capitalists to female capitalists.

## Eliminate gender imbalance and gender biases of supporters

VC Firms

LPs

Capitalists

Support Organizations

**Anri Samata**

General Partner, ANRI

To promote diversity and inclusion in the start-up industry, ANRI has set an investment policy to increase the ratio of investments in companies with a female founder to 20%. Now many talented entrepreneurs have chosen us. Our institutional investors also support this initiative. We will spread this initiative to encourage the industry as a whole to fulfill our responsibilities to society.

**Kathy Matsui**

General Partner, MPower Partners

Our DEI Event Policy states that we can be speakers at events only if at least 10% of speakers have minority backgrounds (e.g., women, LGBTQ+, foreigners, people with disabilities). Although awareness in diversity has increased in the past few years, more proactive initiatives are needed. Government policies should incorporate the perspectives of women, who account for half of the population.



## Eliminate gender imbalance and gender bias of supporters

VC Firms

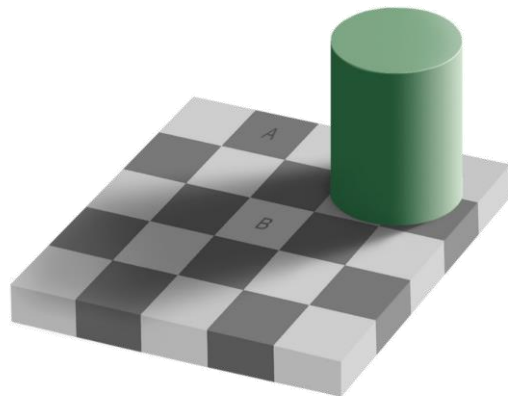
LPs

Capitalists

Support Organizations

### Humans may misjudge

- Regions A and B on the right are in the same color but are seen otherwise due to illusion.
- If everything around is removed, A and B would be seen in the same color.
- We should recognize that the decisions we consider right are subject to various influences.



(Source) Thomson, G. and Macpherson, F. (July 2017), "Adelson's checker-shadow illusion" in F. Macpherson (ed.), The Illusions Index. Retrieved from <https://www.illusionsindex.org/ir/checkershadow>.

### Gender biases should be eliminated

- Unstructured interviews allows room for gender biases. Interviewers find difficulty in making fair comparisons between candidates when they are free to ask any questions. Such biases include the halo effect (i.e., a good initial impression affects the overall perception of a person) and confirmation bias (i.e., people prefer evidence to support existing beliefs and ignore evidence opposing them).
- These biases can be eliminated by structuring interviews:
  - ✓ Questions should be predetermined: interviewees receive the same questions in the same order;
  - ✓ Interviewers should score candidates immediately after each interview; we should recognize that brains are not a complete decision-making machine (See page 75 of the literature below).

(Source) Women and Public Policy Program Harvard Kennedy School (2019), "Advancing Gender Equality in Venture Capital"

## Eliminate gender imbalance and gender bias of supporters

VC Firms

LPs

Capitalists

Support Organizations

**Miki Yoshida**

Senior Portfolio Manager, Genesisia Ventures

Each person faces different obstacles when trying to balance their work and life events such as childcare and caregiving for elder family members. The level of support that they can receive from the local community, relatives and other family members varies and in most cases, it's uncontrollable. Given the circumstances, I believe that companies should be more flexible in providing the support their employees with different backgrounds need to successfully balance their work and life events. To that effect, Genesisia Ventures is currently creating a variety of employee support options so that each member can demonstrate his/her full potential regardless of their circumstance.

**Masaru Nagura**

General Manager, CIC Tokyo

In order to increase the number of female entrepreneurs, it is important to create a supportive environment for entrepreneurs and an atmosphere that allows them to overcome various biases. Without a strong sense of urgency on the part of those who support startups regarding the current state of diversity, including gender, it will not be possible to create an ecosystem that will produce successful startups in the global market. With this in mind, CIC Tokyo is working to increase the percentage of women and non-Japanese speakers to 50% of the total number of speakers at its events. Ideally, I believe that the diversity of startup CEOs and speakers should reflect the balance in Japan.



## Promote entrepreneurship education

Support Organizations

- Females tend to consider entrepreneurship unrelated to themselves unless they are surrounded by entrepreneurs. At the workshop, many pointed out the significance of entrepreneurship education, including education from elementary school and to professionals in STEM fields.
- Educational institutions started to implement entrepreneurship education, which received increasing attention. In addition to strengthening implementation, it is also critical to measure the effects of education on startups and continue to improve in the PDCA (Plan-Do-Check-Act) cycle .

## Promote entrepreneurship education

Support Organizations



**Takaaki Umada**

Director, University of Tokyo Found X

Over the past decade, numerous researchers have investigated entrepreneurship education and produced insightful findings. Whereas it is a good sign that Japanese people started to pay attention to entrepreneurship education, I am a bit concerned that those research findings are ignored, and the education is still based on intuition and experience.

For example, literature shows that non-practical approaches such as edutainment and guest lectures are not effective in acquiring hard

skills.<sup>(\*)</sup> Moreover, guest lectures aimed at presenting role models may be counter-productive, where students tend to become less interested in entrepreneurship.<sup>(\*\*)</sup>

I hope that entrepreneurship education will become more effective and prevalent by adjusting it depending on the human development. Furthermore, research of entrepreneurship education is as important as education itself to enhance the effectiveness of education in the long-term view.

<sup>(\*)</sup>Innovation Growth Lab "What's next in Entrepreneurship Education? Charting the course for effective policies and necessary research"

<sup>(\*\*)</sup> Matsui et al. "Effects of Entrepreneurial Education Programs Centered on Guest Lectures by Entrepreneurs."



## Create a community for female founders & provide access to networks

Capitalists

Senior Founders

Support Organizations

- Access to networks of entrepreneurs and VCs has a direct link to information access necessary for financing and management. Communities that support launching a business and scaling are also critical.
- Creating communities and providing access to networks and information are "easier said than done." What matters is not to create female's clubs but to integrate females into existing communities. Like-minded senior founders, male or female, can play a major role in providing access to existing communities. Moreover, it is also important to provide individual support (e.g., mentoring, sponsoring, coaching) to female founders.
- Some pointed out the importance of having access to large companies, engineers, lawyers, accountants and SMEs, which accelerator programs can contribute to.
- Balancing work and life can be a challenge for female founders. A solution is that multiple people are in charge of the same jobs. In terms of finding a co-founders, having diverse networks is also beneficial.



## Create a community for female founders & provide access to networks

Capitalists

Senior Founders

Support Organizations



**Motoko Imada**  
CEO, INFOBAHN Group

Female CEOs overwhelmingly lack information necessary for running a company. There exists a methodology for starting a business, which CEOs should know. The reality is, however, that such information is shared only in male-centric communities. The same is true for investors. Joining the communities requires women to act like an honorary male, which many women are not comfortable with. On the other hand, information is scarce and solutions are difficult to find in women-only communities. In conclusion, existing communities need to be transformed into inclusive ones that go beyond gender.



**Tomoko Minagawa**  
Founder, Femtech Community Japan

Female entrepreneurs have difficulty in accessing information and networks, far from existing communities for entrepreneurs and VCs. Increasing contact points with senior entrepreneurs and investors, they can obtain access to lively information and experiences that cannot be obtained from books as well as to accelerator programs and investors. Creating an ecosystem and community is essential to improve the awareness and knowledge of each entrepreneur and increase opportunities for business growth.



## Diversify options for exit and assessment perspectives

Impact Investors

- Many pointed out that existing arrangements for exit, capital markets and evaluation process should be changed because female entrepreneurs tend to focus on solving social issues rather than scaling.
- Existing arrangements are being reviewed around the world. The concept of impact investing has emerged. Moreover, “zebra companies,” as an antithesis to unicorns (i.e., unlisted ventures with a valuation > \$1 billion within 10 years), focus on sustainable prosperity, while pursuing both social and economic benefits.
- Such moves, albeit unconventional at this moment, are important in unleashing the potential of female entrepreneurs. Specifically, we hope for further consideration on exit options other than IPOs as well as support measures to simultaneously achieve scaling and addressing social challenges.

## Diversify options for exit and assessment perspectives

Impact Investors



**Yuji Suyama**

Co-Founder & CEO, Zebras and Company

The government and existing investors seek scaling (i.e., rapid growth in a short period) with an emphasis on efficiency. Nevertheless, we should reflect on whether it is also the highest priority for each entrepreneur as well. Four female entrepreneurs in the United States shared the idea of a “zebra company” and the need for finance and supporters for it, which are recognized globally.

To support female entrepreneurs, it is necessary to diversify the perspectives of finance and evaluation, including how to recoup investment and exit.



**Chunmei Huang**

Managing Director, Shinsei Corporate Investment

With its declining birth rate and aging population, Japan is going ahead of other developed countries in dealing with various social challenges. Businesses responding to these issues by leveraging unique business models and IT technologies are expected to realize a positive correlation between business growth and the resolution of social issues. We believe that a business that solves deeply rooted social issues requires a variety of unconventional ways of thinking, and the perspective of “women” entrepreneurs could be one of them. The diversification of business evaluation and investment criteria, along with the expansion of impact investing, would likely help women entrepreneurs gain renewed recognition in Japan, a country that is at the forefront of social challenges.



## Accelerate support programs for female founders

### Support Organizations

- Female entrepreneurs are diverse in their goals. For example, some focus on scaling or addressing social issues, while others pursue both or do not aim for growth. For this reason, entrepreneur programs require more precise and tailored definitions of female entrepreneurs.
- We should be also knowledgeable about unconscious messages that supporters would deliver (e.g., if a brochure includes pictures of handmade goods or bread, it could be a message that this startup will start a small business leveraging the skills of housewives.)
- It is also important to provide support based on business expansion phases, from the brainstorming one in the very beginning to a later one where support should prevent founders from aiming small.

## Accelerate support programs to female founders

Support Organizations



**Mariko Yazawa**

Founder & CEO, Yazawa Venture

Diversity is becoming more important in innovation. Nonetheless, female entrepreneurs tend to be underestimated in startup areas where the majority are male. Female entrepreneurs should seek not only to overcome social challenges but also to have a large impact on the world by scaling. Investors should contribute in many ways including funding. Expanding support programs will lead to innovation by standing close to women's unique difficulty in getting support for starting a business.



**Asuka Murayama**

Deputy Director, Economic and Social Policy Office, METI

Goals should be as many as the number of women starting a business. Up until now, however, female founders have to adjust their business plans to one-size-fits all support packages.

Digital transformation allows founders to have access to needed support, wherever they are. "My Cheerleaders for Starting Business" of the Ministry of Economy, Trade and Industry will encourage female entrepreneurs to connect with support institutions and expand the options available.

(note) Titles is as of comment creation



## Strengthen government leadership

Government

- The government should raise awareness to encourage the startup community to take the lead in changing behavior. Specifically, the government should:
  - ✓ develop data (i.e., gender gap in business startups, percentage of female capitalists in VCs, gender gap in financing), given the lack of sufficient data to grasp the current situation;
  - ✓ issue guidelines on gender balance at events, including numerical targets, and allow government officials to speak only at the events that comply with these guidelines;
  - ✓ add gender-related requirements for public investments and loans;
  - ✓ establish a fund for female entrepreneurs to encourage co-investment by private sectors; and,
  - ✓ reduce the burden of making an application for a nursery school by individual business owners.

## Strengthen government leadership

Government



**Mari Kogiso**

W20 Japan delegate / Co-CEO SDG Impact Japan

Over the long term, an ecosystem plays an essential role in assisting women in starting businesses. However, changing existing systems is not easy, where government leadership should be strengthened. In Europe and the U.S., the governments started to make loans and equity investments conditional on companies' gender balance and gender perspectives, while implementing financial programs for women entrepreneurs by public organizations. At W20, each G20 member proposed to establish a policy framework for women entrepreneurs, particularly in fields such as finance and digital, which is said to play a major role in promoting gender equality.



### Cases Studies

- UK: The Treasury established the Investing in Women Code in 2019. Seventy-nine institutions, including Lloyd's and Natwest Bank, signed the code as of February 2021. The code aims to facilitate the actions of signatory institutions and produce the necessary data to understand the challenges faced by women entrepreneurs.
- United States: Implemented the Women-Owned Small Business Federal Contracting Program, which spent 5% of federal government contracts on small businesses run by women.
- Stock Exchanges; NASDAQ, London Stock Exchange, and Hong Kong Exchange set a minimum threshold for listed companies to appoint female executives.

## Raise awareness

Media

Researchers/ Think tanks

- The first step is to recognize the problems. Gender diversity issues in the startup ecosystem are under-recognized compared to those in the listed companies (e.g., low percentages of female directors and managers).
- The media can play an critical role in raising awareness through reporting. Outlets should include various role models, including failing cases, to drive a positive momentum for entrepreneurship. In addition, media companies specialized in startups could develop a list of support measures available to women seeking to start up a business.
- The role of research institutions and think tanks should not be overlooked. As research in Japan is limited, most literature referred to in this deliverable is from overseas. We look forward to further analysis on gender issues in the startup ecosystem, the importance of entrepreneurship, and the significance of solving gender challenges.



## Raise awareness

Media

Researchers/ Think tanks

**Yuko Endo**

Editor in chief, MASHINGUP

The shortage of female leaders in Japanese politics and business has been broadly known to everyone. What prevents this from being overcome is the fact that gender challenges spread like a spider web in Japanese society. There is not enough awareness or discussion about specific issues, such as women entrepreneurs. The workshop made me realize the low level of awareness among the general public. Media can change the understanding in the general public.

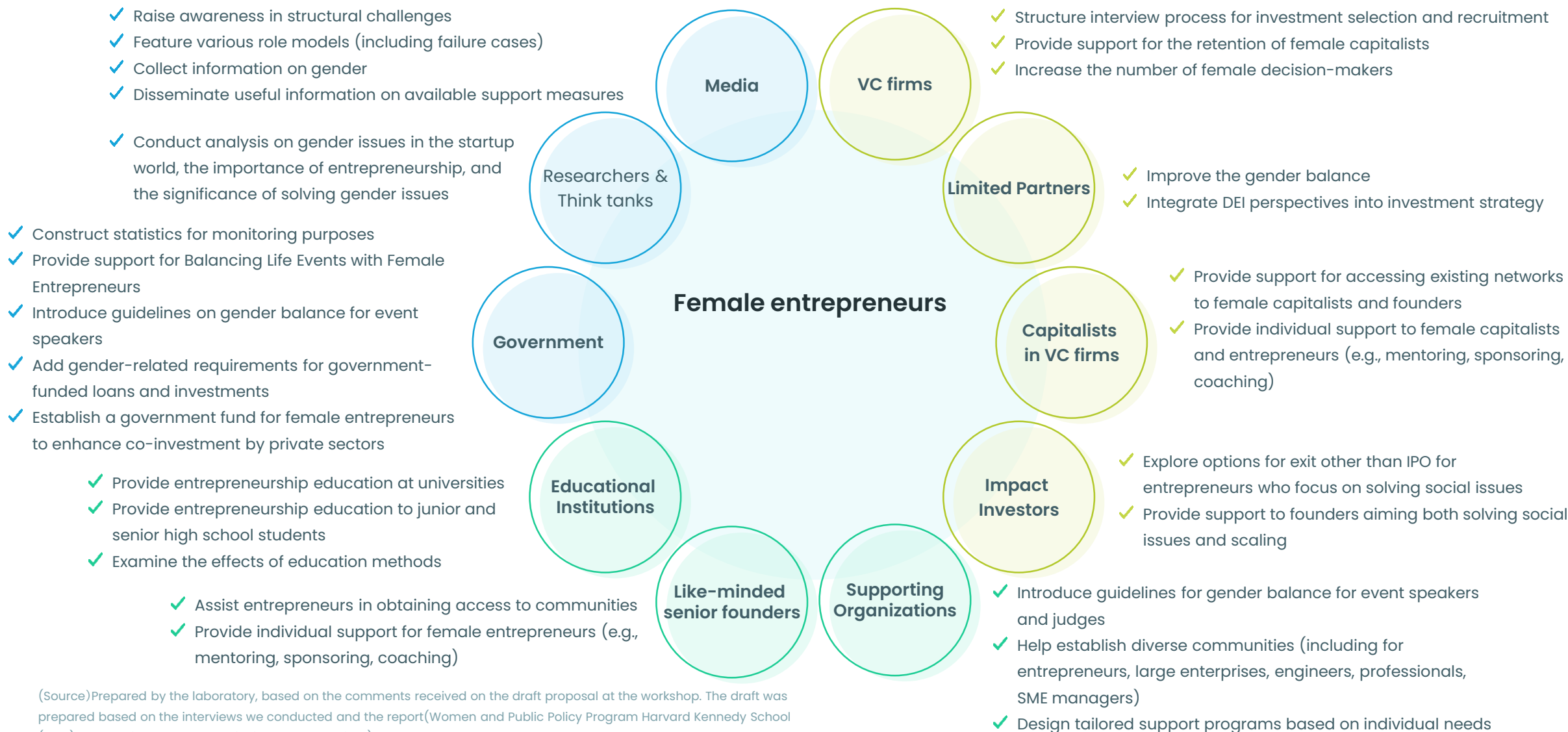
**Yuri Okina**

Chairperson, Japan Research Institute

The gender gap in the startup ecosystem is not widely recognized. However, there are many successful female entrepreneurs. From what I heard from them, there are many advantages for women to fulfill their dreams and continue to work with a high degree of freedom. More media coverage on such successful stories to introduce their businesses, ideas, and ways of living, will be useful for many others. As many women are interested in social issues, it is important for the Japanese society to support startups from education and networking perspectives.



# A to-do list to solve structural challenges



# Ideal startup journey

Our hope is to realize a future in which:

- everyone starts what they want to do based on their interests; and,
- listed companies in Japan become organizations full of diversity and continue to create innovative businesses.



## Tailored support by accelerators

After working for 10 years, I came up with an idea that could be commercialized, so my friend and I started a business together.

I want to place importance on solving social issues, but I also want to scale, I would be happy with various options available. People with different backgrounds, regardless of gender, participate in pitch events, which gives me courage!



## Support from VCs

A senior entrepreneur introduced us to a VC that understands our dual focus on scaling and solving social issues. The entrepreneur continues to advise us on how to achieve both impact maximization and high profitability several times, and my business is almost getting on track!

IPO

Funding

Company registration

Starting a business

Students



## Entrepreneurship education from elementary school to university

Starting a business seems exciting. I want to try starting a business by myself once I gain some job experience.



## Support from communities

I received an award at a pitch event, but there are many things I don't know about as to how to run a company. I participated and received a lot of advice from senior entrepreneurs in founders' communities. Though there were many times I was about to quit because it didn't work out well, other entrepreneurs in similar situations and I encouraged each other, so I was able to push forward. I changed my business model several times, and my business is almost getting on track!



## A new start post-IPO

Our company is listed in a new market segment for firms aiming to balance impact and profit seeking. The number of employees has increased considerably, and I have to work harder! I recently became a mother as well. Now it's easier for entrepreneurs to let children get into nursery school and get government support for baby-sitting. Above all, I can overcome with the help of my friends.

# Special Thanks



**Satoshi Ikeda**  
Chief Sustainable Finance Officer, FSA  
(Advisor to the Lab)

The stagnation of startup creation has long been perceived as a chronic malaise for Japan. The most recent attempt to provide a solution to this problem has come from the Keidanren's "Startup Breakthrough Vision," March this year. It has set out the goal of "increasing the number of startups by 10 times = approximately 100,000 companies" and "increasing the number of unicorn companies by 10 times = approximately 100 companies."

I am not necessarily aware, however, there have been a plenty of proposals that have directly addressed the issue of gender diversity as a contributing potential factor to this chronic disease. From this perspective I really hope that this project will mark a milestone in deliberately moving away from one-sided efforts that may have been constrained by unconscious gender bias."

Looking back, it is so unfortunate that "Oshin (\*)," the best hit Asadora (Japanese TV broadcaster NHK's morning drama program), which attained the highest viewer rate in record of 62.9%, has left in most people's mind a stereotyped narrative of the story where a woman continues to endure hardship in her life. In reality, the drama depicts Oshin, its main character, as a woman who strives to find an opportunity through repeatedly changing jobs and starting her own business, eventually becomes an entrepreneur of a supermarket chain and struggles to run it till the end of her life. Perhaps a certain type of gender bias in the mind of the people is at work in distorting the interpretation of the story. As a typical scene of the drama, people tend to more remember 7-year-old Oshin in poverty, played by Ayako Kobayashi than matured and affluent Oshin in the middle to old-age, played by Nobuko Otowa. In this sense, it seems to me that we must break free of the bias and revisit the story of Oshin from the contemporary perspective of women entrepreneurship.

(\*)Oshin is one of the most famous Japanese serialized morning television dramas, which originally aired on NHK from 4 April 1983 to 31 March 1984.



## FSA Open Policy Lab: Diversity, Equity & Inclusion in the Financial Sector

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(note) as of June 30, 2022.

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(And Other 23, in alphabetical order, title as of the time)

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