

# Human Resources are the Greatest Management Capital for Sustainable Growth

Dialogue with AEON MALL Outside Director, Headquarters General Manager, and Personnel Department General Manager



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AEON MALL believes that human resources are the greatest management resource for sustainable growth. This year, we established a new Vision for Human Resources and Organization, aiming to become a company in which all employees play an active role. Outside director Junko Owada (a specialist in the field of human resources), Managing Director Masahiko Okamoto, and Personnel General Manager Tomoko Nakagaki shared their views on diversity and human resource development at AEON MALL.

## To be the Company of Choice Always: Vision for Human Resources and Organization

**Masahiko Okamoto:** We believe that human resources are the most important management resource for a company to be rooted in its community, loved by customers, and always growing together with the community. This is why

AEON MALL believes investing in human capital is a top priority. Today, I will be speaking with Director Owada, who has a wealth of knowledge and experience in the area of human resources, and General Manager Nakagaki, who is working on human resources reform. We will be talking about how AEON MALL strengthens human capital, both today and in the future.

**Junko Owada:** I was appointed as an outside director in May 2021. I have been involved in human resources at a

number of companies, and I am very excited that AEON MALL places so much emphasis on people and that the company is striving to evolve even further.

**Tomoko Nakagaki:** I became personnel manager in March 2019. At the same time, I was given responsibility for the Diversity Promotion Group. I feel that diversity is another role entrusted to me, and I hope to achieve greater levels of diversity within the company as quickly as possible.

**Okamoto:** AEON MALL created a new Vision for Human Resources and Organization, under which the company defines the human resources it seeks to hire as Life Design Producers and the organization it seeks to be as a group of professionals who continue to innovate. Behind this vision is a sense of urgency that the company is in a situation demanding change.

The driving force for this change is the power of the organization combined with the energy of the individual. The AEON MALL Basic Philosophy is that The Customer Comes First. The company's Management Philosophy is to be a Life Design Developer, creating the future of community living. Finally, the company's Management Vision is to become a company that will touch the hearts of 5 billion visitors throughout Asia. At the same time, AEON MALL strives to be a solutions company that solves the issues faced by local communities. To achieve these goals, the company must clarify the kind of organization we want to be, what kinds of people we want our employees to be, and how to unite management and employees behind the answers to these questions.

**Owada:** The investor view of human resources is shifting from a cost to be controlled to an asset to be utilized. Investors are becoming more interested in the human resources that will be creating the future of the company. I believe the new vision was very timely in terms of verbalizing the kind of human resources we seek and our plan for human resources development.

My impression of the human resources and organizational vision is that it is both grounded and forward-looking at the same time. It is important that AEON MALL not simply follow trends, but rather link emerging trends to management policy. And I believe the vision is the product of constantly thinking about what will be necessary in the future. The underlying foundation is a constant focus on interacting with customers and creating malls that

continue to be a loved part of the local community, which is a collective body of customers. I think the historical *sampo yoshi*\* philosophy of the Omi Merchants (transactions that benefit all parties) took root as a culture in AEON MALL long before anyone heard the term ESG.

**Nakagaki:** In formulating the vision, we interviewed key individuals repeatedly to define the kind of people we needed and the organization we wanted to create. As a result, we came to the ideas of Life Design Producer and a group of professionals who continue to innovate, which are concepts already defined in the company's Management Philosophy and Management Vision. Basically, we took another, closer look at these philosophies.

**Okamoto:** The idea that education is the greatest welfare benefit is rooted deeply in the corporate culture of the AEON Group. Of course, welfare benefits are important, but how does a company provide opportunities and support for employee goals? What do employees want to achieve through their work and daily lives within a company? This concept underlies our vision.

**Owada:** How will things change, now that AEON MALL published its Vision for Human Resources and Organization?

**Okamoto:** I think there are two key points. One is to empathize and create together with our stakeholders. The keywords are shared aspirations and co-creation, and we use the expression *tsunagu* (relationships or close ties) to describe the type of people and organization we seek.

The second point is to help each person make the most of their individuality. In other words, we want each person to feel free to express his or her individuality, striving for their own pursuits and aspirations. To achieve this, our organization must create environments in which people can maximize their talents.

**Nakagaki:** From the viewpoint of diversity, we defined making the most of one's individuality as helping people achieve his or her own ideal, actively taking on challenges according to each life stage, regardless of gender, age,



\**Sampo yoshi*: A philosophy that emphasizes transactions in which the seller, buyer, and all stakeholders benefit.

nationality, disability, etc. We also defined this concept as an organization that respects each person, keeping mindsets flexible and focused on the “why” and the “for what purpose” as we seek to build a culture that encourages people to maximize their talents.

## Diversity and Workplace Reform as a Materiality

**Okamoto:** I am happy to hear Director Owada say that we are grounded and focused on dealing with customers on a daily basis. We established a new vision, but I feel that the most important factor underlying this vision is that essence was already rooted deeply in our company.

What specific efforts will be necessary for employees to understand and take action toward achieving this vision?

**Nakagaki:** In a rapidly changing society, it is important to be a diverse group and an organization that makes diversity a strength. I believe diverse values give birth to new ideas, create friction in a positive sense, and facilitate

strength in the organization to deal with change. As we continue to pursue diversity, we remain aware of the challenges in the disparity between men and women.

As of February 2022, the male-to-female ratio of regular employees was approximately 65% male and 35% female. The ratio of male-to-female managers diverges more at approximately 80% male to 20% female. We understand the need to strengthen our efforts to increase the ratio of

female managers.

As one example, in 2018 we removed the role limitations for people who apply for the Community Employee\* system. We already made the general manager position available to community employees, aiming to expand career path options.



Changes in life stages, such as marriage, childbirth, and childcare, are major hurdles for women seeking management positions. We believe that the cooperation of spouses during the child-rearing period is essential, and actively encourage male employees to take childcare leave.

In terms of global human resources, we need about 50 employees for new overseas assignments as we open more malls overseas. We understand the need for developing a training system to increase the number of personnel capable of contributing overseas.

**Okamoto:** I asked General Manager Nakagaki to talk about diversity at AEON MALL. In fact, I consider her to be a role model for diversity in the company. Prior to her assignment to the Personnel Department, she served as general manager involved in the opening of AEON MALL Nagakute (Aichi Prefecture). I found the initiatives there very interesting.

**Nakagaki:** To date, information counter staff at AEON MALL had been mostly female, but for example, we assigned men to the information counter. We also paid attention to other details, such as using a male voice for automated announcements inside the building. Since the majority of customers are women, we created a more luxurious setting for the station to be more like a hotel counter. We also based the uniforms on the hotel staff uniforms. I was given the freedom to be bold and introduce elements from my own perspective at AEON MALL Nagakute.

**Okamoto:** So you broke from stereotypes using a woman's point of view. And you made numerous other changes inside the mall that we never realized before, but the changes were outstanding. You are working with the Personnel Department on diversity issues, and I don't think there is anyone better suited for the job than General Manager Nakagaki.

The Vision for Human Resources and Organization is not the end, but rather the beginning of a process. Employees must understand and empathize with the vision. And this vision must be broken down and reflected in personnel policies, recruitment, and training.

One of the 10 materialities across five areas is promoting diversity and work-style reform. We are focusing efforts on this issue, but our internal resources alone are still insufficient. Director Owada has provided us with

\*An employee who does not relocate and performs his or her duties within a fixed number of work hours.

advice and frank opinions based on her experience and cases from other companies.

**Owada:** I'm impressed by the elaborate design of the systems used to promote diversity in AEON MALL. I feel that the philosophy and vision are not seen as mere titles, but rather reflect the realistic viewpoints of those who actually use the systems.

I have enjoyed other pleasant surprises since becoming an outside director of the company. For example, young employees who represent the future of the company volunteer for projects such as the studio LIFE DESIGN project. Many of these young employees come to see me, excited to hear what I have to say. This experience demonstrates the low barriers between employees and a culture of sharing, which I think is something hard to find at other companies.

The Personnel Department is also implementing some interesting ideas, and provides opportunities for dialogue between young employees and outside directors. Even President Iwamura was surprised at the high interest level in participation.

## AEON MALL is a Company with the Most Need for Diversity

**Okamoto:** Diversity can only take shape through the active participation of a wide cross-section of people, not only in terms of gender, but also in terms of age and career experience. Employees exchange opinions from various angles, which are then integrated successfully into the organization. It is important to create as many opportunities for participation as possible. Take personnel transfers, for example. While decisions are made at the head office, individuals are given opportunities to express their own wishes and volunteer through the self-reporting system and the open recruitment system.

I also want to explain a little about why diversity is so important to us. In this time of uncertainty, including the COVID-19 pandemic, the Ukraine invasion, and climate change, customer values, lifestyles, and consumer behavior are changing at an accelerating pace. To provide value to our customers and stakeholders during these times, we must have access to a variety of perspectives and ways of thinking.

Taken to the extreme, the composition of employees working at AEON MALL facilities must mirror our customers in terms of gender, age, and nationality if we are to truly empathize with them. In other words, AEON MALL is a company that must be the most conscious of the importance of diversity.

**Owada:** I agree entirely. To understand diversity in the world, we have to be diverse ourselves.

There are challenges in everything, but I feel that AEON MALL has stepped up its various systems to overcome these challenges, maintaining these systems at a high level. I hope the employees will make good use of these systems, maximizing their individual talents to shine. Looking at the real world, women tend to struggle with the physical limitations of having and raising children. It is a very difficult task to find ways to encourage them to return to work without damaging motivation. But it is clear to me that AEON MALL faces this challenge with sincerity and honest efforts.

**Nakagaki:** We are doing everything we can to empower women. But, if you look at the numbers, it's a 50/50 ratio of men to women for new college hires. The percentage of women drops to about 30% at the age of 30. We began career interviews last year to help women reevaluate their life stages as one way to support women who have the desire to work but face various physical or psychological limitations. The age of 28 is considered an age at which life changes most likely occur. In addition, we consider the ages of 35 and 42 as inflection points. We have stepped up interviews for women at the age of 28 in particular. These interviews are an opportunity to consider medium- to long-term career development. We hope that by presenting role models in management positions, we can help our female employees envision their own future.

About 12% of our female employees work shortened hours due to childcare. Last fiscal year, we introduced a means for women to work shortened hours to deal with childcare while remaining active as managers. We strive to be flexible, engaging in trial and error to handle issues of shortened work hours and work times. In some cases, for example, we arrange for two managers to cover needs.

**Okamoto:** Although numbers are not everything, to reduce resignations, increase promotions, and make other improvements, we must first understand the "why." If



there are concerns or obstacles, we have to find ways to remove them.

**Owada:** It's also important to talk with people who have lost confidence or become discouraged to lift their spirits. Systems are important, of course, but taking the effort to approach people is what infuses the system with spirit.

**Okamoto:** I think the value set of today's younger generation regarding careers have changed dramatically. So we need to consider what they want to do from their point of view, and also what they want from us. Then we must create an environment that allows them to take on challenges at an early stage in their careers.

**Owada:** If we can create opportunities for them to play an active role at an early stage, helping them realize how interesting the work is, I think we can foster a desire to continue their careers.

**Nakagaki:** It's essential that we reform systems to reflect an awareness of changes in life stages. We encourage male employees to use our childcare leave system, and in fiscal 2021, we achieved 100% participation. It might be that male AEON MALL employees who take childcare leave help the career development of their partners who work at other companies.

**Owada:** A decade ago, the tacit expectation was that women had to be better than men to advance. Today, long work hours have been corrected, telecommuting is possible, and social conditions are becoming more conducive for both women and men to be active in a natural way. Progress in work-style reform is also encouraging women to play a more active role in the company.

**Nakagaki:** While the company definitely wants female employees to be active, it is also true that there some do not want to be managers. They're concerned that they won't maintain a good work-life balance if they are promoted to manager.

We have two categories of employees: career-track employees and community employees. Some community employees have even become general managers, and there are a number of role models to look up to. I feel that one of the most important aspects of the career interview is to communicate this information clearly to alleviate concerns.

**Okamoto:** We can mention work-life balance in a word, but each individual has a different idea about what balance

means. Some people may strive for a 50:50 work-life balance. Others may prefer a 30:70 work-life balance. Still others may like an extreme 90:10 work-life balance. And the preference for balance will change for the same person according to life stage. What is important is to understand the individual to help them prioritize and find the right balance between work and life.

**Owada:** Of course, systems must be in place to encourage the individual to maximize their ability to shine. The next step is how to communicate, empathize, and utilize the system and the individual. Even high-potential individuals may have some obstacle within themselves, so removing that obstacle will be good for both the individual and the company. It's important to deal with individuals in a consistent and mindful manner.

**Nakagaki:** Middle management deals most closely with each individual in the workplace. We introduced new topics on work-life management in manager training. In addition, managers have the opportunity twice every year to offer advice on career plans during feedback interviews with subordinates.

## Communication is the Key to Global Human Resources

**Okamoto:** AEON MALL aims to have 50 overseas malls in operation by 2025. We are preparing to open a large number of new malls, more than 15 over the next three years, and securing and training the human resources to support this growth is a major issue.

Another issue is extending the length of overseas assignments. There is a risk in relying too heavily on long-term assignees. We must replace these assignees systematically with people who are willing to take on the challenges of working overseas. In the past, most employees have been posted from Japan, but I feel that a major task for us is to create an environment in which talented people can take on challenges actively, regardless of national boundaries. We can do this by pursuing local talent now, and in the future by expanding channels from overseas countries to Japan.

**Nakagaki:** I mentioned earlier that we need about 50 new employees for overseas assignments. We expect we will need to train about 90 overseas personnel by fiscal 2025.

To create and nurture this number of people, we adopted an overseas trainee dispatch program in 2018. The program was suspended in fiscal 2020 and fiscal 2021 due to COVID-19, but resumed this year. The Global Human Resources Course training program was also established in 2018. In addition to these two programs, we offer Global Mindset Training and Cross-Cultural Communication Training, newly established in fiscal 2022.

Global Mindset Training provides an opportunity for employees to develop mindsets prior to the Overseas Trainee Dispatch Program. The training targets employees in their third year of employment, up to 32 years of age. Many employees have joined the company with the desire to work overseas. This program is designed to provide these young employees with training opportunities from an early stage to cultivate a global mindset, as well as to support and improve motivation, while heading off discouragement.

After Global Mindset Training and Overseas Trainee Dispatch Training, management-level employees who are candidates for overseas posts are offered cross-cultural communication training. This training is designed to boost motivation to take on the challenge of overseas assignments through exposure to different cultures, preparing these candidates to choose overseas experience as a career option.

We are considering the hiring of local employees as the next step. We plan to use a reverse trainee system, in which local employees from overseas locations work in Japan to gain experience. These employees will then take that experience and new insights back to their home countries, making the most of their new knowledge.

**Okamoto:** Someday, it will be necessary to eliminate the distinction between employees posted from Japan and local employees. It is important that the Overseas Trainee System, for example, is an opportunity for a few young Japanese, a few from China, and a few young employees from ASEAN to take on similar challenges overseas. We intend to move forward while receiving advice from outside directors who have extensive experience in overseas business.

**Owada:** When I joined AEON MALL, I was surprised at the global nature of the group. I feel that many people, including prospective and current employees, do not recognize AEON MALL as a global company.

To achieve higher and sustainable growth requires a breaking down of the barriers between Japan and overseas, thinking of the global group as one AEON MALL.

For example, it would be of great significance if we could bring together all employees from around the world to listen to the president and hold discussions in breakout sessions.

Since being named outside director, I have not been able to visit overseas malls due to COVID-19. But I have participated in online meetings with three malls in China and two malls in Indonesia. More opportunities to communicate actively with local people will provide more understanding of the real opinions of those involved in day-to-day operations, leading to the next measures.

**Okamoto:** In the end, what I want most—what I must do—is to help carry our company into the future. To achieve this, we must nurture our people. In particular, I have a special feeling for new employees within the last three years who have joined the company in a completely different and difficult environment of the COVID-19 pandemic. These young members will be responsible for our company, their communities, and society in the next 10 to 20 years, and my desire is to support their future growth and activities.

**Owada:** I hope that we can think together with the employees about what we can do to make AEON MALL more loved by local residents, to develop further as a company, and to make every employee happier.

**Nakagaki:** I believe that promoting diversity is my life's work. At the same time, I believe that every employee plays a key role in promoting diversity. I want to communicate this feeling with as much enthusiasm as I can. To do so, I will have to contribute to the company by first being healthy, both physically and mentally, and then by pursuing diversity and health management for all.

