

# How Japanese Society Can Best Integrate Immigrant Human Resources

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## Japanese Society & Foreign Workers

Japanese society has reached a turning point. The influx of foreign workers that began in earnest in the 1990s has been accelerating due to a chronic labor shortage, caused by a declining birth rate, societal aging and related changes in government policy. In 2021, despite the pandemic, Japan's non-Japanese population reached 2.72 million, 2.17% of the total. This is a major increase from 880,000 and 0.72% in 1990, and this will continue.

In this kind of social environment, non-Japanese workers are not just guests or charity cases in the Japanese labor market, but are becoming an essential workforce that Japan cannot do without. Japanese companies, however, are not hiring foreigners for their special skills, but rather tend to do so just to fill in where Japanese workers are difficult to find. In a survey led by the Ministry of Health, Labour and Welfare in 2017, 40% of corporate respondents reported that they hired highly skilled foreign professionals “regardless of nationality” and “due to difficulty hiring Japanese with the same needed specialties” (Ministry of Health, Labour and Welfare, 2017).<sup>1</sup> This tendency tracks with the increase in foreign-born workers being hired by industries and businesses facing difficulty attracting labor. In marine product-processing plants in Japan, foreign workers account for about 10% of the total workforce (Census of Fisheries, 2018).<sup>2</sup> In short, many Japanese companies hire foreigners as substitutes for Japanese workers.

## Integrating Non-Japanese Workers

Because hiring non-Japanese workers was becoming a growing trend among Japanese companies, Keidanren (Japan Business Federation) compiled its recommendations “Innovating Migration Policies – Recommended Policies on Immigrants Toward 2030”, emphasizing the importance of integrating immigrants” (Keidanren, 2022).<sup>3</sup> It mainly recommends environmental reforms to make it easier for non-Japanese to learn the Japanese language and become acquainted with Japanese culture, in addition to institutional factors like providing easier access to existing systems and standardizing simpler Japanese to teach them. In other words, the recommendations emphasize that non-Japanese must change to adapt. We can safely say that this idea reflects the mindset of Japanese companies considering foreign workers as backups for Japanese workers.

This touches on only one side of the integration process. Integration is completely different from the mindset demanding that foreign immigrants change to adapt and adjusting systems to help them do so. Rather, integration is a system that facilitates the active social participation of immigrants (Entzinger and Biezeveld, 2003;<sup>4</sup> Harder et al., 2018).<sup>5</sup> This seemingly simple definition includes two factors that require detailed explanation.

The first is the multifaceted nature of integration. Integration is not just a matter of immigrants learning the language and the culture of the adopted country, it has economic and political aspects as well. Political integration means giving immigrants rights equal to those that natives are automatically endowed with for social and political participation, while simplifying processes for obtaining dual citizenship or naturalizing. Economic integration means eliminating economic disparities between them and native citizens. It means eliminating the inequalities illustrated in immigrant rates of labor-force participation, occupational status, wage levels, work environments and children’s school enrollment.

The second factor is the need for changes in the society receiving immigrants. Integration has many aspects that immigrant efforts alone cannot overcome, and which depend in large part on the institutions of the host society. For that there are initiatives like the Migrant Integration Policy Index (MIPEX), which compares the integration policies of 56 nations, including Japan, and offers an international assessment of ways to create an environment that facilitates immigrant integration (e.g., Kondo, 2022).<sup>6</sup> Keidanren’s recommendations bring together things that immigrants should do, but there should be discussion of how Japanese society can best receive immigrants as well.

If the differences between foreign and Japanese workers are seen only in language and culture, it’s natural for immigration policy to focus on educating immigrants. The problem, however, is not that simple. There are clear gaps between native Japanese and immigrants in terms of available jobs and average wages that cannot be bridged by the immigrant’s individual efforts or abilities alone, showing there may be more to address, such as institutional defects and discrimination in Japanese society.

## Economic Status of Non-Japanese Workers in Japan

In this section, let me briefly summarize studies conducted

previously on the economic status of non-Japanese workers in Japan and its causes. How different is this status among foreign workers in Japan relative to their Japanese peers?

According to an analysis by Yu Korekawa (2019),<sup>7</sup> there is little difference in rates of unemployment and labor-force participation between Japanese men and Chinese or Brazilian men in Japan. That said, the rate of Chinese and Brazilian men with high occupational status, specifically higher-paying jobs, is lower than that of Japanese men. There have been many studies conducted on wages in addition to occupational status. Results of the one conducted by H. J. Holbrow (2020)<sup>8</sup> among Japanese companies show that wages among Asian workers tend to be lower than those of Japanese, while those of Western immigrants are higher. Here the influences of education, work experience, Japanese proficiency and the like of subject workers are eliminated, but the difference remains evident. In other words, the difference is not due to lower education or poor language skills among non-Japanese workers. At the same time, Western immigrants who are not assimilated into Japanese culture are paid more. The research results demonstrate that the wages of immigrants in Japan are decided by factors other than the productivity of the individual, pointing to a general sentiment among Japanese toward immigrants that is negative toward Asians and positive toward Westerners.

One cause of this type of wage difference is corporate systems that assign non-Japanese employees separately from Japanese employees, mainly to divisions for overseas operations or posts for international business specialists (Holbrow and Nagayoshi, 2018).<sup>9</sup> Kept in posts for overseas operations, non-Japanese employees tend to work outside regular job rotations and out of sight of their superiors and managers. Working in special divisions or posts can also set their wages lower and reduce opportunities for promotion.

## Definition & Quantification of Discrimination

It's not certain whether discrimination lies behind these results. Do Japanese companies discriminate against non-Japanese workers to start with? Assuming there is discrimination, what causes it? For a clearer understanding, let me first define discrimination, then suggest ways to quantify it and classify possible causes.

Discrimination is defined in various ways, but they boil down to more or less the same thing. Devah Pager, who spearheaded research on discrimination in modern sociology, defines racial discrimination as unfair treatment based on race or ethnicity (Pager and Shepherd, 2008: 184).<sup>10</sup> Put more specifically, it's discrimination if a person who comes to a job interview is not hired, despite their skills, solely because they are not native to a given country. It's also discrimination when Mr. A and Ms. B, who have the same skills, apply for a job and Mr. A gets it because of his gender.

To reveal discrimination we often employ the correspondence audit, an established method in sociology and economics. Consider a group of people submitting resumes in applying for a job. A correspondence audit is done by sending fictional resumes to hiring companies to determine whether certain job-seekers are called for

interviews as a result. These fake resumes include discrimination-triggering attributes like gender, nationality and race, in addition to generally required information like education level, work experience and age. They are designed to present all possible combinations of job-seeker attributes. Combining the education attribute (high or low) and racial attribute (white or black), for example, generates four different resumes, multiplying the two attributes by two. This method adds more attributes, such as work experience, to expand variety. They then go to the hiring companies, and auditors compare the frequency of the fake black and white job seekers called for interviews. As other attributes are equalized for both black and white job-seekers, such as average educational level, we can call it race-based discrimination if there is a significant difference in frequency of interview opportunities between white and black job-seekers.

This audit method is sometimes considered problematic because it involves false resumes. Recent experiments have expanded on the regular correspondence audit by informing subject corporations that the resumes are fake and having the hiring managers evaluate them (Kübler, Schmid and Stüber, 2018),<sup>11</sup> while other experiments have targeted only hiring managers registered with online research firms (Auer, Bonoli, Fossati and Liechti, 2019),<sup>12</sup> and others among members of the general public or students as subjects (Blommaert, van Tubergen and Coenders, 2012).<sup>13</sup> In all these experiments the subjects know they are evaluating fictional job-seekers.

## Causes of Discrimination

Discrimination divides roughly into "taste-based" and "statistical" varieties.

The first is rooted in a negative sentiment an individual has against a specific group of people (Becker, 1957),<sup>14</sup> what is generally understood to be discrimination, where a negative sentiment held by a hiring manager or employer toward foreigners influences hiring practice, for instance. This type of discrimination is caused not just by the personal sentiment of the hiring manager, but also by their assumptions about the feelings customers or co-workers would have about the person. If a hiring manager decides not to hire a non-native job-seeker on the assumption that their customers dislike foreigners, it's taste-based discrimination. So is the act of not hiring the person because the hiring manager knows their co-workers dislike foreigners, and is afraid that hiring one could lead to workplace conflict.

Statistical discrimination is caused by insufficient information about a specific individual (Phelps, 1972).<sup>15</sup> In hiring, the information about a given job-seeker provided by resume alone is limited. The resume may describe the education level, job history and outside interests of a given job-seeker, but that is not enough for the hiring manager to infer the productive potential of that person, meaning how skillful they may be and how much they can contribute to the company. So hiring managers usually project a given job-seeker's productive potential from the attributes of the group(s) to which they belong. Groups often referenced to project the future productivity of an individual are gender and race. Beyond hiring managers, people in

general commonly share specific images or stereotypes about certain groups of people. When such images become the basis for projecting a given job-seeker's future productivity or behavior, that's statistical discrimination. An example is a non-Japanese job-seeker not hired because the hiring manager applies to the specific individual a stereotypical image of foreigners being less productive than native Japanese. Women often trigger the image of leaving a job for childbirth. If the hiring manager looks at a specific woman job-seeker from this stereotypical perspective and doesn't give her a job, thinking "She will leave soon," that's statistical discrimination.

## Discrimination in Japanese Corporations Revealed by Experiment

What is the nature of discrimination against non-Japanese in Japanese corporations? The answer to the question may be found in a survey experiment conducted by myself, Igarashi, and Assistant Professor Ryota Mugiyama of Gakushuin University (Igarashi and Mugiyama, 2023;<sup>16</sup> ditto, 2023).<sup>17</sup> We conducted the experiment with people who are registered with online research firms, limiting the subjects to those who have experience hiring for Japanese companies, having them imagine hiring for the largest number of full-time posts open in the company using information about job-seekers gathered from their resumes and entry forms. Based on the information provided, we asked the subject hiring managers how likely it would be that each job-seeker would advance to the next hiring stage. *Figure 1* shows our results, and I'll explain how to read them.

The figure shows the probability of a job-seeker with specific attributes, like gender, age and nationality, advancing to the next hiring stage in a company. The standards for each category are shown as black dots on the vertical dotted line. In the gender category, the differences are very small between women job-seekers and their male peers, who constitute the standard. Where a horizontal line crosses a dotted vertical line, it means there is no deviation statistically from standard. The right side of the dotted line indicates higher probability that the job-seeker will be hired, increasing with distance. The left side of the dotted line indicates lower probability, also increasing with distance.

The results must be evident. Non-Japanese job-seekers are far less likely than their Japanese peers to be hired. Americans are most favored among foreign nationals, and yet the probability of their being hired is lower than that of their Japanese peers. How much less? It's as less likely as that of a job-seeker trying to be hired into an industry different from the one they worked in previously. The disadvantage is greater where the job-seeker is a foreign national other than an American. Identifying as Korean or Chinese alone significantly lowers the job-seeker's probability of being hired.

For the experiment we presented non-Japanese job-seekers as first-generation immigrants, meaning those born abroad who have been living in Japan since age 17, and second-generation immigrants, those born in Japan. We found no difference between the groups in terms of probability of being hired. This disadvantage

for foreign nationals in hiring, regardless of generation, has been reported in research conducted in other countries as well, and our results are not exceptional. Hiring managers likely presume there will be no problem with language proficiency or cultural understanding among non-Japanese job-seekers born in Japan. But the research results run contrary to these assumptions. Even where job-seekers have Japanese proficiency and knowledge of Japanese culture, as Keidanren recommends, the reality is that foreign nationals are at a significant disadvantage, and face discrimination nevertheless (*Figures 1 & 2*).

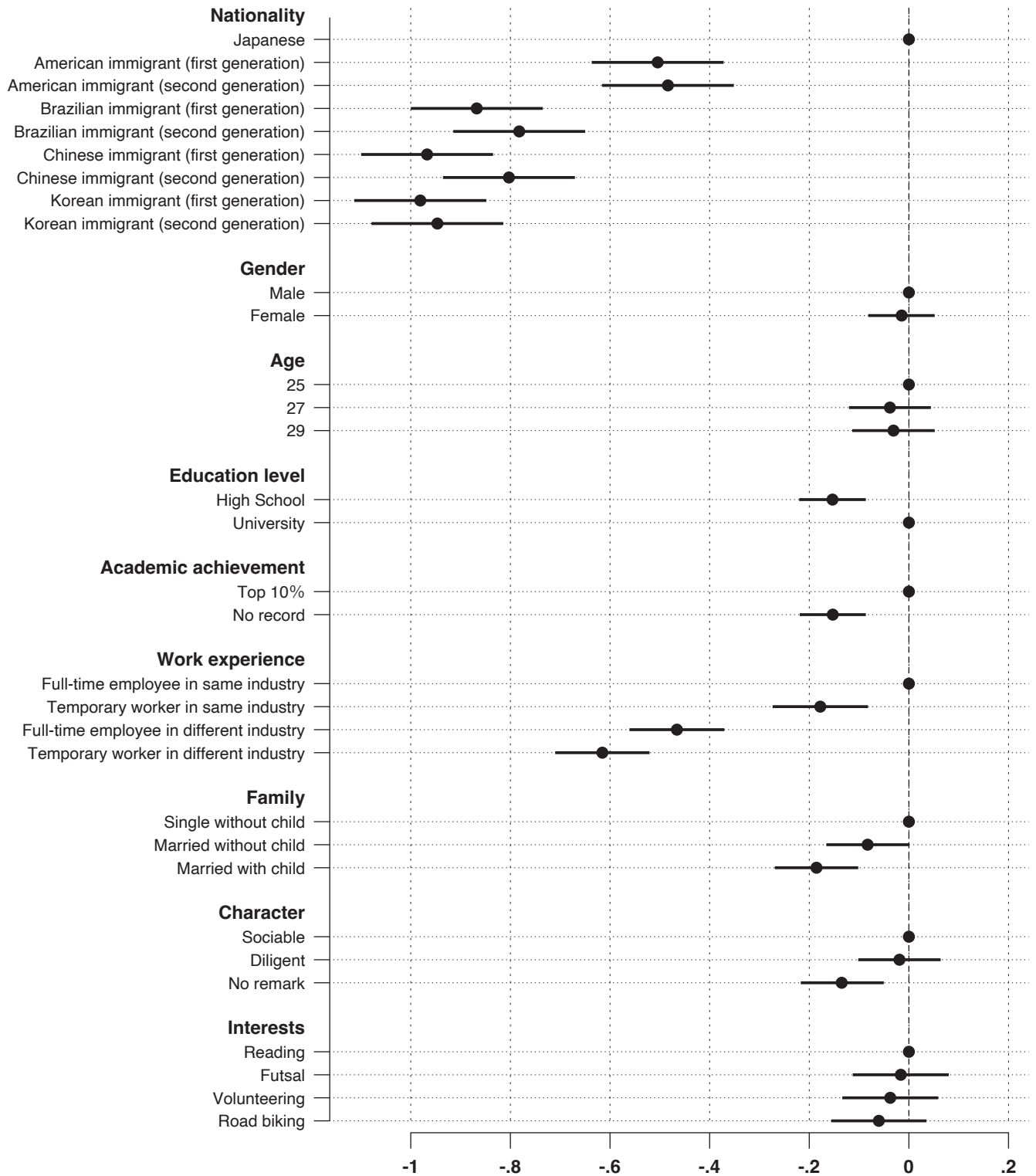
## Causes of Discrimination & Disparities Among Companies

Why do corporate hiring managers discriminate against job-seekers by nationality? In the previous section, I wrote about discrimination influenced by statistics and personal taste. For this analysis I verified taste-based discrimination. I asked hiring managers to score their xenophobic attitude toward a specific nationality on the scale of 1-11 (weak to strong), then looked at the relationship between their attitude and evaluation of a job-seeker of corresponding nationality. The results are in *Figure 2*, which illustrates the change in evaluation of a job-seeker of a specific nationality. At every single point, the xenophobic sentiment against the corresponding nationality increased in the hiring person. Similar to *Figure 1*, the Y (vertical) axis shows the probability of the job-seeker advancing to the next stage. A higher score means preferential treatment. It shows, for example, that when the anti-Americanism of the hiring manager increases by one point, their evaluations of American job-seekers alone go down. Likewise, when hiring managers have higher negative sentiment against Chinese or Korean applicants, their evaluations of Chinese or Korean job-seekers go down. One exception is with Brazilian applicants. Higher negative sentiments held by hiring managers against Brazilians correlated with lower evaluation of not just Brazilian job-seekers, but of American job-seekers as well. This is likely because of a confused image of Brazilians and Americans based on the idea that many Brazilians emigrate to the United States. From these analyses we can say there is a close relationship between a hiring manager's sentiment about immigrants and discriminatory job-seeker evaluations.

Moreover, there is another important meaning in the analysis of hiring-manager sentiments. It shows that the effects of anti-foreign attitudes among hiring managers varies by nationality. Specifically, the effect of anti-foreign sentiment on hiring result is smallest for Americans and greatest for Koreans. This means that the personal preferences of hiring managers in terms of nationality do not much influence American job-seekers. Hiring managers may like or dislike Americans in general, but the difference doesn't much influence whether an American job-seeker will be hired. Korean job-seekers, on the other hand, are significantly affected by the hiring manager's sentiment. When hiring managers like Koreans in general, the probability of Korean job-seekers being hired is very high, and when

FIGURE 1

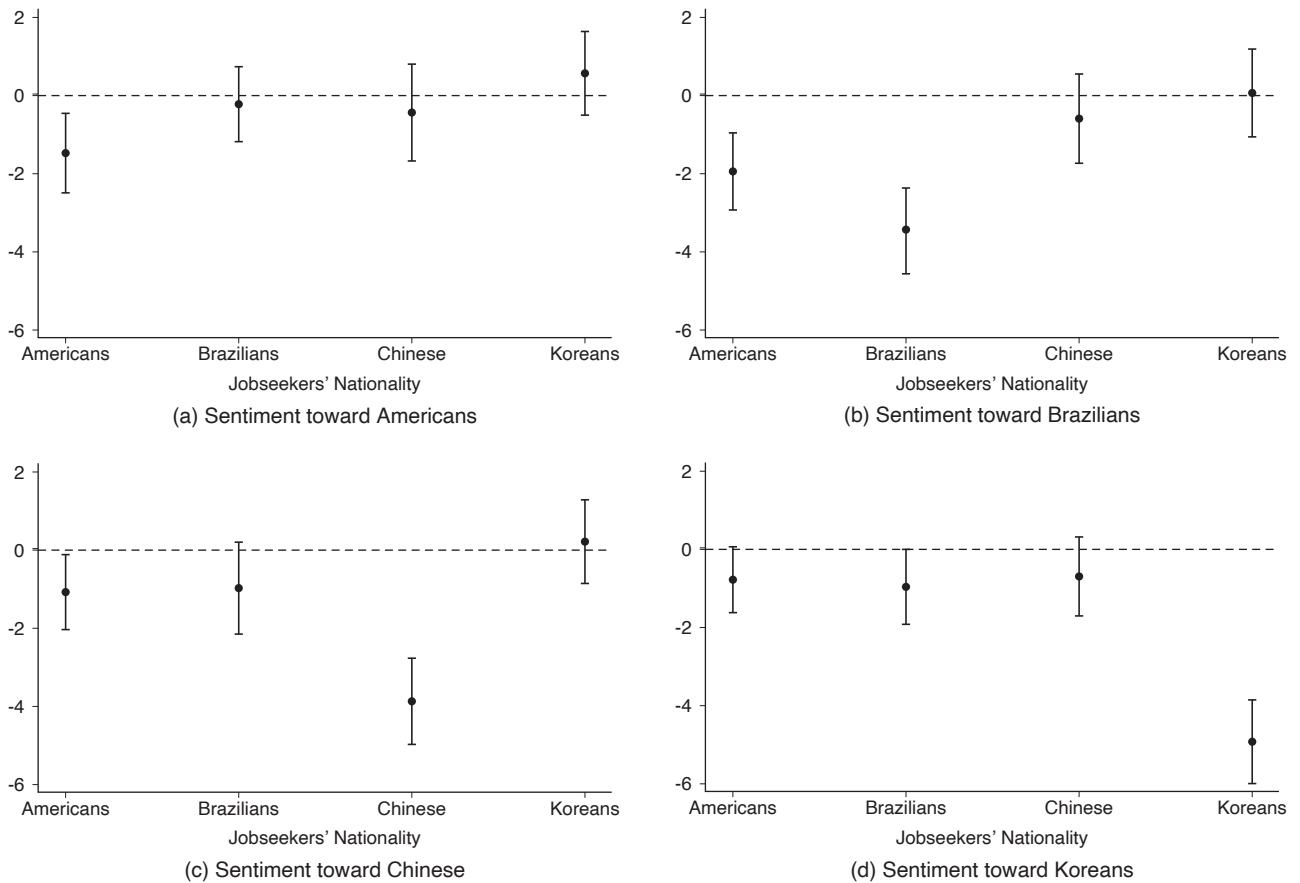
## Reality of discrimination against non-Japanese



Source: Author's creation based on Igarashi and Mugiyama (2023)<sup>17</sup>

FIGURE 2

## Relationship between xenophobia & discrimination



Source: Author's creation based on Igarashi & Mugiyama, 2023<sup>16</sup>

hiring managers don't like Koreans in general, that of Korean job-seekers being hired is significantly lower. This difference, we can deduce, reflects the general sentiment the Japanese person has about the specific nationality. In Japan, Americans are the most liked foreign nationals, while Chinese and Korean people tend to be disliked (Igarashi, 2015;<sup>18</sup> Igarashi and Mugiyama, 2023).<sup>16</sup> Socially favored groups, like Americans, are not significantly affected by the personal preference of the hiring manager. Hiring managers generally understand that people of Korean heritage are often viewed negatively in Japanese society, so their hope to influence hiring with positive personal sentiment is likely strong.

To conclude, let me touch on the differences derived from the characteristics of companies. We used the same data as above to verify the variety of discrimination (Igarashi and Mugiyama, 2023).<sup>17</sup> When hiring for jobs that require high skill, we noted less discrimination against Americans. The same goes for discrimination against Brazilians and Chinese when companies are looking for personnel for overseas expansion. Hiring managers may have biased opinions about the skills of Americans compared to those of people of other nationalities, even when information from the job-seeker's resume is about the same (Igarashi and Ono, 2022).<sup>19</sup> It's important

to note that Chinese and Brazilians are in high demand among Japanese companies considering overseas operations. This tendency may depend on whether the company is linguistically ready and the connections for transactions are well established for overseas operations. We don't see a clear relationship between discrimination and the percentage of foreign nationals in the total workforce of Japanese companies. Discrimination against Americans and Brazilians is less evident in companies where non-Japanese nationals account for 5-10% of the total workforce. On the other hand, no such positive effect was observed in companies with fewer than 5% or greater than 10% of foreign nationals. We consider the possibility that 5-10% of non-Japanese nationals in the total workforce creates the most favorable corporate environment for non-Japanese employees, while a larger proportion can raise a sense of threat among Japanese co-workers, and a smaller proportion makes them irrelevant because Japanese co-workers rarely interact with them.

## Summary

Let me briefly summarize the messages I hope to deliver in this

article. With the increase in foreign workers in Japan, “integration” (*togo*) is becoming a buzzword in discussing labor issues. Integration as it is commonly used in this context, however, represents only a part of what the word truly means. The labor market demands unilateral changes by the non-Japanese worker, but there is a growing need in Japanese society for change as well, especially when Japan is advocating for integration as a new labor-market norm. As for economic integration, the focus of this article, there are several research reports pointing to unfair treatment of immigrants in terms of wages and social status. Behind this is the discrimination that I’ve been analyzing, and the adversity foreigners suffer because of it cannot be addressed through greater language proficiency or deeper understanding of Japanese culture.

What actions are necessary to resolve this issue, then? First would come a strict ban on discrimination. Discrimination must be clearly defined to deepen general understanding of discriminatory acts. It’s discrimination when someone doesn’t get a job solely because they are not Japanese. It should be more widely understood that such practices are still very common in Japan. Next would come regular audits. It will become more necessary than ever to create an environment in which companies can easily apply methods like the correspondence audit, which is widely practiced abroad, to help researchers regularly verify the levels of discriminatory acts in workplaces.

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