

# Human Resource Management for Nikkei Workers and the Increase of Indirect Employment

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## 1. Introduction

This article focuses on human resource management for foreign workers, particularly those of Japanese descent (*Nikkei*), who are indirectly employed. It is well known that the majority of the *Nikkei* workers are employed indirectly. It is said that 70-80% or more of them are indirectly employed, but the truth is that we do not know the actual figure. There have been studies examining the *Nikkei* workers because of their tendency to engage primarily in indirect employment.

This article will examine human resource management for *Nikkei* workers while being attentive to the fact that indirect employment has recently been increasing in the manufacturing sector.

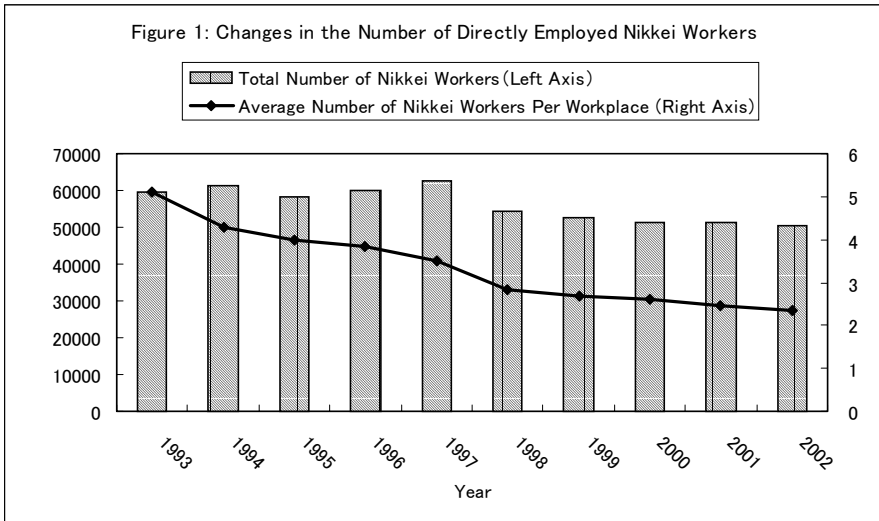
## 2. Changes in the Number of Nikkei Workers and Issues Addressed in This Article

### (1) Changes in the Number of Nikkei Workers

We can trace changes in the number of *Nikkei* workers in *The Immigration Control Statistics (Shutsunyukoku Kanri Tokei)* of the Ministry of Justice. However, it does not provide sufficient information concerning which sectors *Nikkei* workers work in or what types of work they are doing.

In contrast, such information can be obtained from *The Report on Situations of Employment of Foreign Nationals (Gaikokujin Koyo Jyokyo Hokoku)* compiled by the Ministry of Welfare, Health and Labour to some degree.<sup>1</sup> This report has such data as gender, occupation, place of origin, visa status, and number of accessions/separations per year with respect to indirectly-employed foreign workers. According to this report, the number of directly employed *Nikkei* workers in Japan was approximately 59,400 in 1993. The figure dropped in 2002 to 50,400 after reaching the peak in 1997 at approximately 62,600 (however, it should be noted that the number of

surveyed workplaces is not the same each year)<sup>2</sup>. The average number of *Nikkei* workers per workplace has been steadily declining from 5.11 persons per workplace in 1993 to 2.35 persons per workplace in 2002 (Figure 1).



**Source:** Compiled from The Ministry of Welfare, Health, and Labour, *The Report on Situations of Employment of Foreign Nationals (Gaikokujin Koyo Jyokyo Hokoku)*

As for the sectorial distribution of directly-employed *Nikkei* workers, the transport machines and equipments manufacturing, food manufacturing, and transport-related service sectors have been consistently using a large number of *Nikkei* workers. In certain years, a high proportion of *Nikkei* workers are employed by rubber products manufacturing companies, postal services, government-managed financial institutions, securities and commodity futures trading companies, cooperatives, and other corporate services, but this is probably a reflection of the survey’s inconsistency in target selection.

The report has statistical data on indirectly-employed foreign workers, whom this article is mainly concerned with, in “The Number of Foreign Workers Working at Companies.” Unfortunately, however, the report does not indicate how many of them are actually *Nikkei* even though it shows the number of foreign workers by gender.<sup>3</sup>

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## **(2) Review of the Existing Studies and Issues Addressed in This Article**

There is a substantial body of works on the problem of foreign workers in Japan. Kajita (2002) makes the following points in his comprehensive survey of the existing studies.<sup>4</sup> First, one of the characteristic features of Japan's policy on admission of foreign workers is its orientation toward admission through the "backdoor" in addition to the "front door." This is exemplified by its admission of Nikkei workers and introduction of trainee and guest worker programs. Secondly, the foreign workers in Japan can be divided into the so-called "old-comers" and "newcomers." The latter is often divided further into immigrants from Asian nations staying and working illegally and Nikkei immigrants whose entry and employment have been legal since the immigration law revision. However, it is difficult to group these foreign workers into any fixed categories. Thirdly, Nikkei workers indirectly employed by contract companies (and worker dispatching companies) far outnumber directly-employed Nikkei workers. The existence of these workers is serving as one of the ways in which companies make employment adjustments. Traditionally, Nikkei workers concentrated in manufacturing jobs in particular geographical areas, but the prolonged recession is causing them to disperse into diverse areas and sectors. Finally, foreign workers employed after finishing university (or graduate school) in Japan are smoothly adapting to life in Japan. On the other hand, a "dual structure" separating these foreign workers and the rest is emerging.

It has been commonly assumed that Nikkei workers will be able to secure direct employment in the long run even though they might find themselves in the condition of indirect employment in the short run. In actuality, the number of those who work under the condition of indirect employment never goes down, and even those who once held direct employment are finding themselves in the condition of indirect employment. Taking into this fact into consideration, this article seeks to address the following questions. First, why are the majority of Nikkei workers being indirectly employed even though there are no legal restrictions on employment of Nikkei workers? Second, how do Nikkei workers relate to the increase of indirect employment in the past decade or so? This article seeks to address these questions by examining human resource management for Nikkei workers at contract companies.

Efforts have been made to promote skill training and development even for indirectly-employed workers. Is the trend taking place also among companies utilizing a large number of *Nikkei* workers? Or does the trend not apply to *Nikkei* workers? If *Nikkei* workers are not receiving training, what consequences might such lack of training generate? Considering its link with the stratification of foreign workers in the labor market, will not such lack of training help the stratification rigidify?<sup>5</sup> The article also will address these questions as they relate to human resource management at contract companies.

According to the existing studies, the time when *Nikkei* workers started to work in Japan can be traced back to the 1980s.<sup>6</sup> *Nikkei* workers who had entered Japan to visit their families and relatives gradually began to transform into “*dekasegi* (migrant workers).” With the 1990 revision of the immigration control act, it became possible for *Nikkei* workers to switch their residence/visa status to such ones as “Spouse or Child of Japanese Citizen” and “Long-term Resident” after entering Japan with a “Temporary Visitor” visa. According to Iguchi (2001), the prolonged recession has caused several changes in the behaviors of *Nikkei* workers such as an increase of “repeaters”, those who invite family members to Japan, those who relocate their primary domiciles to Japan.

Inagami (1992) has constructed a model describing the labor market for foreign workers and characteristics of contract companies. In constructing the model, he has examined sizes (number of employees and yearly turnover), sectors, and business types of contract companies and also looked at *Nikkei* workers who can legally work and Asian workers who are employed illegally at times.<sup>7</sup> According to Inagami, the labor market for *Nikkei* workers is expanding mainly among parts manufacturing companies and primary subcontractors. This is a highly fluid market in which workers move frequently among jobs at an average hourly wage of 1,500 yen or more through intermediaries such as worker dispatching companies and labor brokers. The market for Asian workers has a two-tier structure. Those in the top tier work at mid-sized companies and secondary subcontractors doing processing and assembling works at an average hourly wage of 1,000 yen or so. Those in the bottom tier work at small-sized companies and secondary subcontractors processing raw materials for other manufacturers.

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Workers in both the Asian and Nikkei labor markets frequently move among jobs via brokers and networks based on kinships and birthplaces. Inagami refers to this as a “loose dual structure.”

In the analysis of the labor market for foreign workers, residence/visa status is considered as an important factor determining the size of employer, form of employment, and work conditions for foreign workers.<sup>8</sup> Taking this point into consideration, Shimodaira (1999) argues that immigration/visa status (legal or illegal), time of entry (newcomer or old-comer), gender (male or female), and strength of ethnic networks are factors that determine statuses of foreign workers in the labor market. He has constructed a model of the manual labor market for foreign workers and reexamined the existing researches.<sup>9</sup>

Kuwahara (2001) offers a cross-national study comparing foreign workers in Hamamatsu and San Diego.<sup>10</sup> According to this study, about 60% of the foreign workers working in the Hamamatsu area are Nikkei, and a half of them are Nikkei Brazilians. According to Kuwahara, their periods of stay in Japan are becoming longer and longer, and one quarter of them are likely to continue maintaining some sort of connections with Japan. It has found out that nearly 10% of those who are moving back and forth between Japan and their home countries now are considering about settling in Japan eventually.

What have the existing researches found concerning the issues addressed in the present article? Let us review the existing researches on employment of Nikkei workers first and then those on the increase of atypical workers.

According to Sano (1996 and 2003), there is a possibility that four types of employment for foreign, particularly Nikkei, workers might coexist in one company. Workers of the first type are Nikkei workers directly employed by the company. Workers of this type have the same status as Japanese employees. Workers of the second type are directly employed, but their positions are comparable to Japanese *shokutaku* (employees re-hired after reaching the retirement age), part-time workers, *arubaito* (casual workers), *kikanko* (temporary workers), and seasonal workers. Workers of the third type are not directly employed by the company but contracted by a contract company to work at the company as *shagaiko* (outside workers).

Workers of the fourth type are those dispatched to the company by worker dispatching agencies. The second and the third are the most predominant of the four types of employment.

Let's review the existing studies on the increase of atypical workers (contract workers in our present discussion) then. Kamata (2001) examines actual conditions surrounding atypical employment with a focus on labor problems in contract labor.<sup>11</sup> Utilizing data from questionnaires and interviews, it addresses the question from a variety of angles including legal, institutional, and empirical ones. According to this study, contract companies recruit *Nikkei* workers by multiple channels: direct recruitment in home countries, indirect recruitment through travel agencies, and use of advertisement media. It points out that contract companies employ *Nikkei* workers for the purpose of securing human resources for the so-called Three-K<sup>12</sup> jobs rather than reducing personnel costs and require *Nikkei* workers to sign up for overseas travel insurance.

Sato et al. ed. (2001) has examined the electronics industry and found out that work contracting at production sites has been rapidly increasing since the late 1990s as companies try to curb human resource management costs, particularly labor costs such as social insurance costs, and be able to respond to production reductions quickly.<sup>13</sup>

Chuma (2003) examines factors causing contract workers at production sites to replace regular and part-time workers and constitute the mainstay of the atypical workers at production sites.<sup>14</sup> On the demand side, Chuma notes that companies are trying to maintain employment flexibility and disperse business risks. On the supply side, Chuma points out that there was room for *freeters* (young people working only as part-time or temporary workers) to be utilized. Regular employees are divided into those who engage in relatively simple tasks and those who specialize in identifying and solving problems as product/production cycles are becoming increasingly highly technical, complex, and systematic. Such bifurcation is taking place among contract workers as well as a result of the reduction of products cycles, increase in the time-to-market demand, and spread of product modulation resulting from improvement of product and production skills<sup>15</sup>.

According to Muramatsu (2004), the spread of atypical employment

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can allow companies to take future downside risks into consideration and protect employment of regular employees. The spread of atypical employment is caused mainly by companies seeking to reduce labor costs or turn them into variable costs. Muramatsu discusses the issue of atypical workers and skill development at the workplace. In the case of contract workers, contract companies are required to provide introductory training, but contract workers are not necessarily receiving a sufficient level of training, and this is causing workflow disruptions at some workplaces. Muramatsu suggests that the contract period for contract work should be extended to three years because what is important for both atypical workers and production sites is maintaining stability and continuity in workflows. He argues that such extension will allow work orders and instructions to be implemented smoothly and help workers to develop skills. This in turn, he argues, will contribute to stabilization of employment.<sup>16</sup>

Tanno (1999) has examined what role work contracting plays in Japan's industrial society, how Nikkei Brazilians work in Japanese industries, and how they relate to Japanese migrant, seasonal, and fixed-term workers by drawing upon survey results.<sup>17</sup> More recently, Tanno (2002) is arguing that "strategic complementarity" is at work in the recent increase of contract-company-related indirect employment, which many Nikkei workers engage in.<sup>18</sup> According to Tanno, it is not that companies have been seeking to hire Nikkei workers per se. Rather, the number of Nikkei workers has increased as a result of an increase in the use of contract companies. More and more companies have decided to use contract companies because others are doing it, and this has led to an increase and diversification of workplaces hiring Nikkei workers. The expansion of employment of Nikkei workers is in turn diversifying and stratifying the Nikkei immigrant community.

### **3. Survey Method and Questions**

I have conducted a survey targeting contract companies in order to examine the issues raised in the previous section. The survey targeted contract companies in two prefectures.

The survey was conducted between October and December of 2003, and the questionnaire was sent to personnel managers including executive

officers (at some companies, *Nikkei* workers were interviewed).

The questionnaire sought responses on the following issues:

- 1) Characteristics of the company (sector type, number of regular employees, and number of non-regular employees such as part-time and casual workers)
- 2) *Nikkei* workers currently employed by the company (their number, gender distribution, age distribution, academic background, professional background, present occupation, position, form of employment, and residence/visa status)
- 3) Recruitment (methods for obtaining human resources information, methods for recruiting, and standards for hiring)
- 4) Human resource management (training and skill development, wages, working hours, and work system)
- 5) Living and family (housing, daily life, health insurance and pension, support for working in Japan, and communications-related assistance)

## **4. Overview of Results of the Survey: Human Resource Management of *Nikkei* Workers in Work Contracting**

### **(1) Characteristics of the Surveyed Companies**

#### **A. Overview of the Companies**

The surveyed companies have diverse backgrounds. There are companies which had subcontracted manufacturing works before switching to work contracting as a result of using *Nikkei* Brazilians. There are also those which have been in the work contracting business from the onset. Needless to say, these companies engage primarily in work contracting and outsourcing. There are companies which are engaging in worker dispatching (of registration-based type) in addition to work contracting. However, the reality seems to be that “only 15 or 16 out of approximately 400 of those registered as dispatched workers are actually working as dispatched workers”, and it is appropriate to consider these companies as engaging primarily in work contracting.

When asked about their business performances, many companies responded that they are short-staffed. There are responses such as “we are



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sometimes unable to respond to demands from client companies” and “some client companies are waitlisted.” The high demand is due to the boom in production of electronics and electronics parts (such as digital home electronics, mobile phones, and copy/printers) and automobile manufacturing. However, even contract companies specializing in the auto industry show varying performances depending on which companies are their clients. Companies commonly responded that it is difficult to maintain profitability because unit contract prices are decreasing.

### **B. Number of Employees and Their Characteristics**

The surveyed companies are of varying sizes ranging from one with over two hundred employees to one with one thousand and several hundred employees.

Contract companies are grouped into those mainly relying on Japanese workers, those relying on foreign workers including Nikkei workers, and those using both. What is notable about the surveyed companies is that most of their production-site workers are Nikkei workers. Respondents pointed out that the majority of contract companies rely on either Japanese workers or Nikkei workers only. One respondent explained the reason for this as “because human resource management is easier when using workers with similar attributes.”<sup>19</sup>

Employees at the surveyed companies can be divided into management staff and contract workers who work at production sites. A contract company typically has 10 to 50 Japanese and Nikkei management staff members. Japanese management staff members are executive officers, middle managers, and sales personnel. In contrast, many Nikkei management staff members are either “interpreters” or bus drivers who drive workers to work. Nikkei executive officers and middle managers do exist, but they are rare exceptions. Of course, there are Japanese management staff members serving as interpreters or bus drivers because they speak some Portuguese. Most Nikkei workers, other than those who work as management staff members, work at production sites.

### **C. Characteristics of the Client Companies**

Most of the surveyed companies’ clients are found in the auto parts

manufacturing industry and electronics parts/boards industry. The surveyed companies rely on one of the two sectors for more than 50% of their clients. There was a company which responded that “auto parts manufacturers constitute 75% of our client base while auto-related companies constitute more than 90% our sales base.” Clients are found in other sectors such as the food (production of boxed lunches sold at convenience stores, for example), mold, storage and distribution, and linen industries.

A contract company can maintain a client base among companies engaging in similar types of work by specializing in either the auto industry or the electronics parts/boards industry. The downside of this strategy is that the company can lose contracts if its specialized sector as a whole suffers a downturn. In such event, the company will let go a great number of employees including *Nikkei* workers (this issue will be discussed later). Depending on which sector it specializes in, a contract company can experience seasonal fluctuations in the amount of work. For example, farming machines are not manufactured consistently throughout the year. The production volume reaches its peak during the fall and February/March and goes down to a half of the peak level during the rest of the year. The number of contract workers fluctuates along with the production volume.

Many of contract companies' clients are subcontractors. Many subcontractors use work contracting regardless of whether they are in primary, secondary, or tertiary subcontracting. However the majority of contract workers working at primary subcontractors are Japanese. The proportion of Japanese contract workers decreases among secondary subcontractors and even more among tertiary subcontractors. Inversely, the proportion of *Nikkei* workers increases among secondary and tertiary subcontractors.

In most cases, a contract company first concludes an initial contract covering a period of 2-3 months with a client company. The company will conclude a six-month or one-year contract if no trouble is experienced during the initial contract. The length of contract is affected by the client's business performance. It can be also affected by how the company follows up when its contract workers quit or do not perform at an expected level and how well contract workers provided by the company are performing.

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## **(2) Employment of Nikkei Immigrants**

### **A. Methods for Recruiting**

There are several ways for contract companies to recruit Nikkei workers. One way is to recruit them in their home countries by transmitting descriptions of jobs required by their client companies to local intermediaries.<sup>20</sup> The majority of these intermediaries are “travel agencies” or local recruitment agencies. Typically, a contract company follows the following steps in recruiting Nikkei workers in their home countries. First, local travel agencies and recruitment agencies provide the contract company with information on available human resources. Based on the provided information, the contract company selects candidates and contact appropriate local intermediaries.

Surveyed contract companies responded that they have experienced a number of minor troubles with local intermediaries. Local intermediaries would mislead contract workers into believing that they would be working at internationally recognized major companies when recruiting them. In reality, they would be working at secondary and tertiary subcontracting companies. This has been a persistent problem for some time. One respondent suggested that “local travel agencies send workers to Japan without caring too much about details probably because they are simply preoccupied with gathering up many workers.” Moreover, “rake-offs” by local intermediaries have been an unending problem, and less and less contract companies are relying on local intermediaries now.

It used to be common for contract companies to recruit Nikkei workers overseas through brokers overseas or in Japan. However, the use of brokers is becoming less frequent because they charge high fees and have caused troubles similar to the ones described above. It is becoming increasingly common for contract companies to directly recruit Nikkei workers who are residing in Japan, and the spread of direct recruiting is reducing the number of overseas and Japanese brokers.

Respondents pointed out other factors contributing to the increase of direct recruitment by contract companies. It has become possible for contract companies to recruit Nikkei Brazilian workers in a more cost-effective fashion by utilizing print media such as Portuguese newspapers published in Japan. Networks among Nikkei Brazilians have developed, and this is

allowing more and more *Nikkei* Brazilians to apply for jobs directly by word of mouth.

Contract companies still tend to recruit non-Brazilian *Nikkei* such as Filipino *Nikkei* locally by using local agents or sending hiring personnel to their home countries to conduct job interviews because they are yet to develop their own ethnic networks and media such as newspapers within Japan. They rely on methods that are similar to those used for Brazilian *Nikkei* before. Sometimes, contract companies absorb directly-employed *Nikkei* workers after they are dismissed by their original employers, and this is another channel for recruiting *Nikkei* workers.

## **B. Hiring Standards**

The recruiting process for *Nikkei* workers starts with assessment of application documents including resume and work history regardless of whether recruitment is done in Japan or overseas. In many cases, however, it is difficult to make hiring decisions solely on information on educational background or work history provided in application documents. Companies review application documents only for reference at best.

However, contract companies have no choice but to base their hiring decisions on information provided in application documents when recruiting *Nikkei* workers through local agencies overseas. In such cases, contract companies oftentimes would realize they made wrong decisions after their *Nikkei* arrive and start to work. This is one of the reasons why more and more contract companies are replacing recruitment through local agencies with direct recruitment.

When recruiting and hiring *Nikkei* workers in Japan, many contract companies determine job assignments for new recruits based not only on assessment of application documents but also on results of job interview, Japanese language test, work skills test, and eyesight test. Some of the major home electronics companies conduct their own work skills tests when utilizing new *Nikkei* contract workers.

Contract companies prefer *Nikkei* workers to be able to speak Japanese, but surveyed contract companies responded that only less than 10% of the newly arriving *Nikkei* workers could understand some Japanese. One company reported that it will hire *Nikkei* workers who cannot speak

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Japanese if interpreters and other Nikkei workers can help facilitate communications with them.”

### **(3) Nikkei Workers Who Are Currently Working**

#### **A. Number and Characteristics**

The number of employees varies by company, but 80-90% of their contract workers are Nikkei. One company reported that its work contracting operation is supported by Nikkei workers 100%.

Nikkei Brazilians are the largest group who constitute 60%- over 90% of the entire Nikkei population. There are those from nine other countries including the Philippines, Peru, Thailand, Indonesia, Argentine, and Bolivia. The number of Nikkei Filipinos has been on the rise recently.

The number of Nikkei contract workers fluctuates. The fluctuations can be divided into a few categories. One is daily fluctuation. The number of Nikkei contract workers fluctuates when Nikkei workers fail to adapt to their work or move to better paying jobs. In such case, contract companies will assign new Nikkei workers as replacements in order to maintain contract agreements. However, not all Nikkei workers switch jobs to get more pays.

The buffering role of downsizing is often discussed as a factor contributing to the increase in indirect employment. The second type of fluctuation is related to this. When client companies terminate contracts because of changes in their business performances and production plans, contract companies are compelled to terminate contracts with their Nikkei workers. Contracts between contract companies and client companies normally cover a period of 2-3 months or 6 months. The number of contract workers fluctuates at varying degrees at different contract companies according to sector and size of their client companies.

There were such responses as “we are currently hiring about 650 Nikkei Brazilians but were hiring only 160 in 1995/1996”, “we once had over 2,000 Nikkei workers in the entire company, but their number went down to 1,100-1,200 during the IT Recession”, and “the number of our Nikkei contract workers peaked in 2,000 at 1,600 and currently is staying at 1,200.” The number of Nikkei workers a contract company hires fluctuates greatly depending on business performance of its client companies.<sup>21</sup>

Contract companies might be required by some of their client companies to adjust the number of contract workers on a weekly basis, and they might have to adjust a hundred or more workers, a figure equaling or surpassing the total number of workers hired by one company. When making such adjustment, contract companies do so collectively by dividing up the number of workers to be reduced. By the same token, when a client company wants to increase contract workers, they respond to the request collectively.

Adjusted workers will stand by until their contract companies find new client companies. In most cases, such standby period does not exceed several days. If the standby period exceeds this, it is likely that *Nikkei* workers will find new jobs and switch to them. Consequently, it is important for contract companies to find new jobs as soon as possible. No salaries are paid during the standby period.<sup>22</sup>

## **B. Gender**

An increase of women has been pointed out as a notable recent trend in the characteristics of *Nikkei* workers. There was a company which responded that “the proportion of women has been increasing every year, and the ratio between men and women was reversed two years ago. Presently, the ratio is 55% women and 45% men.”

One reason for the change in the gender composition is related to the sectorial composition of client companies. Sales of digital home electronics, cellular phones, and printer-scanner-fax-copy combo units are going up in the past several years. The demand for female workers at contract companies whose clients are electronics and electronics parts companies is rapidly increasing.

If, on the other hand, a contract company has its client base in the auto manufacturing sector, its workers will be predominantly male because of the nature of work involved. Food manufacturing, storage and distribution, and delivery companies rarely specify the gender of contract workers. However, unit contract prices for these companies will be relatively low, and this depresses wages of contract workers. Therefore, male workers will not stay for long if they are assigned to such companies. By default, it is only female workers who stay at such work places.

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### **C. Age**

Ages of Nikkei workers are wide-ranging (10s to 50s). Many of the relatively old Nikkei workers are veterans with a career of 10 years or more. It is rare for older workers to be hired as new recruits. The core of new recruits is Nikkei workers in their twenties and thirties. This is because client companies demand contract workers to be under 30 and contract companies set the age limit at mid-30s when recruiting and hiring Nikkei workers.

Respondents cited the following reasons for targeting relatively young workers. Young workers are capable of learning their work quickly. They are more physically fit and hence preferable as their working hours tend to be long. In contrast, older workers tend to come to Japan with their families, and this will require contract companies to provide assistance for their families.

### **D. Educational and Professional Backgrounds**

Nikkei workers at contract companies come from diverse educational backgrounds ranging from junior high school to master's degree. There are some who have attended university, but respondents reported that their prevailing impression is that junior high school graduates and senior high school graduates are the largest group constituting 30-40%. According to one respondent, education does not affect how Nikkei workers work. "client companies only want workers who can function as a member of the production site and do not care about such things as educational or professional backgrounds." Contract companies have to respond to such need.

Work history does not affect how Nikkei workers work either. The same goes for non-Brazilian Nikkei as well. When directly recruiting Nikkei workers in Japan, contract companies give weight to their work history in Japan.

"Long-term Resident" and "Spouse or Child of Japanese Citizen" are common resident/visa statuses, and a significant number of Nikkei workers are obtaining the right of permanent residence.

## **F. Employment Contracts**

Most contract companies offer fixed-term contracts. Durations of employment contracts are adjusted to those of contracts between client companies and contract companies. They are two-months, three-months, or six-months long in most cases. This is because contract companies will find themselves unable to respond to requests from client companies to adjust the number of workers if contract periods are set too long. Employment contracts are automatically renewed if there is no trouble. Contracts are usually renewed several times, and *Nikkei* workers work for the same contract companies for 2-3 years on average after their arrival in Japan. Some of the *Nikkei* workers might quit and return to their home countries and then come back to Japan again. About 40-50 % of such workers will return to the same companies again (there was one company that reported the figure is over 60%).

## **G. Status (Position and Title)**

The majority of the *Nikkei* workers work production lines. One of the distinctive features of human resource management for *Nikkei* workers at contracting companies is that status distinctions are not made based on length of service, age, education, and work history. One company responded that such policy was rooted in the following experience: “We once had a position of production-site manager, but those who became managers left one after another. We found out that workers began to act arrogantly once they became managers, and this disrupted the order among *Nikkei* workers. We decided to abolish the position after that.” Such case is experienced by every company to a varying degree. The only exception was one company which responded that the company “promotes talented workers to production-line leaders,” but the majority does not make any differentiations. In most cases, therefore, *Nikkei* workers are left out of promotion systems at contract companies.

Many companies employ *Nikkei* workers as trainees for the first 2 or 3 months after initial contracts are concluded. Even during such training period, workers are paid the same amount of wages as regular contract workers (this point is discussed later).

There are *Nikkei* who work as “interpreters.”<sup>23</sup> Tasks of “interpreters”



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cover wide-ranging aspects of Nikkei workers' professional and daily lives such as recruitment, hiring, training, human resource management, visa-related paper work, housing, and support for family members. Interpreters are "accorded with certain respect" by workers at production sites.

#### **(4) Human Resource Management**

##### **A. Work Orders**

Contract companies station employees at client companies to give work orders and instructions when assigning a large number of Nikkei workers. In most cases, contract companies assign Japanese employees or interpreters for such task. As mentioned, some companies tried to designate Nikkei workers as production-line leaders based on length of service, skill level, and Japanese language skills to give orders to other Nikkei workers, but this did not work in most cases.

Client companies might require only a couple of contract workers. Since contract companies cannot afford to station full-time staff at individual client companies in such cases, they dispatch Japanese employees to round client companies and give orders to their contract workers.

##### **B. Transition from Hiring to Assignment**

Contract companies make decisions about where newly hired contract workers will be assigned by considering primarily requests from client companies. They also take into consideration contract workers' preferences, professional experience in Japan, results of work skills test, and Japanese language skills. Requests concerning overtime are more commonly heard. One recent trend among female workers is that there are those who request to be assigned to companies which provide excellent work environments.

Some client companies conduct their own work skills tests for new Nikkei workers.

##### **C. Training and Skill Development: Few Opportunities for Training and Skill Development**

After their job assignments are decided, Nikkei workers receive preparatory training from Japanese employees and Nikkei interpreters.

Nikkei workers engage mainly in repetitive tasks. A preparatory training typically lasts half a day or so and centers on instruction on assigned works and training in machine operation. Nikkei workers are assisted by Japanese employees, Nikkei interpreters, and more experienced Nikkei workers on their first day and beyond.

Most Nikkei workers would respond that they would be able to handle their assigned works after trying their works for a few hours or so. Surveyed companies stated that they could determine if workers can indeed handle their jobs by observing their performance for a week or so. Once a contract company determines that a given contract worker is not capable of handling the assigned job, it will reassign the worker to a different job even during a trial period.

Contract companies take past work experience into consideration in deciding job assignments for Nikkei workers with work experience in Japan. Contract companies will make an effort to assign these Nikkei workers to the same types of job they had in the past, but such jobs are not always available. In such case, they will assign them to positions involving similar tasks

Little training or skill development is provided after job assignments are made. One contract company stated that it has facilities for training workers on welding or forklift operation. However, these are not actually utilized due to “time constraints.” The company responded that “we probably will need to carry out skill training given that it might improve retention (of Nikkei workers).”

Respondents stated that they assign workers with long work experience in Japan and relatively high skill levels to client companies requiring multiple-skilled workers such as auto companies.<sup>24</sup>

#### **D. Unit Contract Prices and Wages of Nikkei Workers**

As mentioned, contract companies are performing so well that some of them are finding themselves short-handed and unable to keep up with requests from their client companies. However, despite the high demand for contract workers, the profitability of work contracting continues to be tenuous because unit prices have been going down. During the era of the bubble economy, contract companies accepted orders at asking price, and

unit prices were more than 2,000 yen/hour producing a rough profit margin of 40%.

At present, unit prices vary by region and client, but they have gone down on average (1,500-1,800 yen/hour for men and 1,200-1,300 yen/hour for women). Yet, labor costs have remained unchanged since the bubble economy era staying at 1,300 yen/hour for men and about 900 yen/hour for women, and this pushes down rough profits. Presently, rough profit margins are 20-25% for men and 25-30% for women.

Unit prices are 1,700-2,000 yen/hour when client companies are primary subcontractors. Unit prices are 1,500-1,800 yen/hour for secondary subcontractors and 1,200-1,500 yen/hour for tertiary subcontractors.

Moreover, unit prices vary by sector. Auto companies have the highest average unit price, followed by electronics parts companies. Food manufacturing companies have a relatively low average unit price.

Hourly unit contract prices of male Japanese workers are 400-500 yen higher than those of male Nikkei workers, and hourly labor costs of male Japanese workers are 50-100 yen higher than those of male Nikkei workers. Hourly unit contract prices of female Japanese workers are 100-300 yen higher than those of female Nikkei workers. Labor costs of female Japanese workers are 50 yen higher than those of female Nikkei workers. The gap between Nikkei workers and Japanese workers has not changed for some time.

It is said that Nikkei workers have a low social insurance and national pension subscription rate. When Nikkei workers subscribe to the national pension scheme or social insurance scheme, how much of their income do premium payments take up? Ozaki (2005) has conducted a simulation using a hypothetical case in order to investigate why Nikkei workers try to avoid paying social insurance and national pension premiums.<sup>25</sup> Ozaki's simulation is premised on a case of a forty-one year-old male Nikkei Brazilian worker who works as a contract worker in the transport machines/equipments manufacturing industry. Social insurance and national insurance premiums of workers vary by wage level and geographical area. The simulation is based on a premise that the worker's contract company employs him 8 hours a day and 22 days a month. At the contract company, the average contract unit price is 1,700 yen, and the average labor cost is

1,305 yen. For the purpose of simplifying the simulation, it is supposed that the worker does not have any dependent family members, receive bonuses, and do overtime. The Nikkei worker in the simulation is paid 229,680 yen per month and 2,756,160 yen per year.

If the company deducts the employer's share of the worker's social insurance premiums from his wages, the worker will have a take-home pay of 2,042,568 yen/year (967 yen/hour). If the company pays the employer's share by using its rough profits, the worker will take home 2,401,685 yen/year (1,137yen/hour). If the worker participates only in the national health insurance scheme, he will take home 2,572, 660 yen/year (1,218 yen/hour). If the worker participates in the national pension scheme and the national health insurance scheme, he will take home 2,413,060 yen/year (1,143 yen/hour).

10 to 20 percent of income is a considerably heavy burden for Nikkei workers considering their purpose of working in Japan. According to the survey, however, there has been an increase in those who participate at least in the national health insurance scheme as more and more Nikkei workers settle in and bring their family members to Japan.

## **E. Working Hours**

Working hours of contract workers can vary depending on client companies. In particular, the closing time can vary widely. A contract worker might finish at 1-2 PM sometimes and at 10-11PM in other times. Especially at auto factories, workers will not find out whether they will be required to do overtime until the evening.

On average, Nikkei contract workers do about 30-50 hours of overtime per month. There is even a company which stated "doing 100-130 hours of overtime per month is not unusual." Good business performances of client companies are one factor contributing to the long working hours. Another factor is the fact that client companies and contract companies set the amount of contracted work by multiplying the number of workers by working hours. Respondents made such comments as "we would like to secure at least 200 hours/month or, if possible, 250 hours/month from a contract worker" and "unit prices in the food industry are low, but we constantly receive orders for 300 hours/month."

The behavioral pattern of the suppliers (Nikkei workers) to “leave jobs when there is little overtime” should be noted too. The long working hours of Nikkei workers can be attributed to their tendency to take on a lot of overtime in order to earn as much money as possible in a short period of time. However, there has been a change in this tendency as female Nikkei workers and Nikkei workers with families increase their presence.

## **F. Long-term Commitment and Adaptation**

There has been a perception that Nikkei workers do not have an inclination to make long-term commitments to particular companies. “They will move to new jobs if they are paid just 10 yen more” has been a common cliché. Is this really the case? The survey did confirm that there are Nikkei workers who support such cliché. However, it can be argued that the existence of such workers is blown out of proportion. This in turn has contributed to the view that the Nikkei workers as a whole have a tendency to leave jobs easily.

Several factors are contributing to Nikkei workers’ tendency to leave jobs. One of them is attributed to the demand side. There was a time when contract companies tried to hire more Nikkei workers by lowering unit prices in order to respond to demands from client companies. An increase in the number of contract companies also exacerbated the trend. However, the labor demand has dampened due to the prolonged recession and trend toward international division of labor, and the number of contract companies has been reduced as a result of competition. Consequently, respondents reported that the turnover rate has become lower than before.

There is also a supply-side factor which is attributed to Nikkei workers. In the past, it was typical for Nikkei workers to return to their home countries after earning as much money as possible in a short period of time, and this contributed to the high turnover rate.<sup>26</sup>

According to the survey, the number of those who continuously work at a single company only has been on the rise in recent years.<sup>27</sup> Nikkei workers are becoming more oriented toward making a long-term commitment to a single company only. Many companies responded that only 20-30% of their workers have a tendency to leave jobs while the rest

are staying on a long-term basis. In the past, the majority of *Nikkei* workers used to follow the “*dekasegi*” pattern – they would work for contract companies for a couple of years to save up money, go back to Brazil, and return to Japan again later. As more and more *Nikkei* workers chose to stay in Japan on a long-term basis and settle in Japan, it is becoming increasingly common for them to stay at the one same contract company.

Of course, there are still those with a tendency to switch jobs. These workers tend to have a relatively high level of Japanese language skills. Because they can speak Japanese to some degree, they are able to find works outside the networks among *Nikkei* immigrants. The fact that Japanese employers prefer workers who speak Japanese makes it easier for these workers to find work. However, they will move to new contract companies for higher wages before being able to master their work. Consequently, they will find their jobs uninteresting and move on to the next jobs. *Nikkei* workers who repeat this cycle form a highly mobile segment of the *Nikkei* labor force.

## **H. Standby Period**

When their contracts with client companies expire or their contract workers could not handle assignments, contract companies put *Nikkei* workers on standby – until new assignments are found. The length of a standby period depends on the client company’s business performance, but short ones can be over after one day, and even longer ones last only for 7-10 days.

The brevity of standby periods is attributable to the existence of the highly mobile segment of the *Nikkei* labor force. When a *Nikkei* worker quits his assigned job, his contract company will have to find a replacement as soon as possible. If the replacement is not forthcoming, the contract company will end up making a breach of a contract. It is necessary for the contract company to secure at least as many backup workers as workers assigned to a given client company.

During standby period, *Nikkei* workers will not have any income since they are not working. Even so, they will be able stay in their apartments as their companies cannot force them out. A substantial number of *Nikkei* workers will find new jobs on their own and leave their contract companies

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when their standby periods become too long.

## **5. Summary of Results of the Survey**

We have been looking at results of the survey on contract companies using Nikkei workers. The main findings are summarized and outlined below:

- 1) It seems that contract companies are bifurcating into those specializing in Nikkei workers and those specializing in Japanese workers. This is because human resource management becomes easier for contract companies if they employ workers with similar characteristics rather than those with different ones. There is a supply-side element contributing to such bifurcation as well. Nikkei workers can receive support at companies specializing in Nikkei workers even if they cannot speak Japanese.
- 2) At contract companies employing a large number of Nikkei workers, employees are grouped into management staff and production-site workers. Management staff includes “interpreters” who play critical roles in human resource management for Nikkei workers as well as daily lives of Nikkei workers.
- 3) Contract companies with Nikkei workers have their main client base among auto and electronics parts companies. Their client base also includes food manufacturing, storage and distribution, and linen companies and foundries. Their client companies in the auto and electronics parts sectors are mostly secondary and tertiary subcontractors. Primary subcontractors use contract companies specializing in Japanese workers. Clients of contract companies relying on Nikkei workers tend to be secondary and tertiary subcontractors.
- 4) Recruitment of Nikkei workers in their home countries is becoming less common, and direct recruitment of Nikkei workers in Japan has become the predominant mode of recruitment. The shift has taken place because contract companies can recruit a necessary number of contract workers by posting classified ads in Portuguese newspapers

in Japan, and networks among Nikkei workers have developed. In addition, there are cases in which directly employed Nikkei workers are hired by contract companies after they are released as a result of employment adjustment.

- 5) Hiring decisions for Nikkei workers are made based on application documents, work history, interviews, work skills test results, and Japanese language skills. Naturally, being able to handle assigned tasks is the most essential qualification. Non-Brazilian Nikkei such as Nikkei Filipinos are still recruited predominantly through local agents in their home countries.
- 6) The number of Nikkei workers at contract companies fluctuates widely. Fluctuations are attributed to movements of Nikkei workers and how contracts are concluded with client companies.
- 7) Those in the twenties and thirties constitute the predominant age group. Moreover, there have been changes in the composition of Nikkei workers such as an increase in women. One demand-side factor contributing to these changes is an increase in orders from electronics parts companies. On the supply side, an increase in the number of those who come to Japan with their families can be pointed out as a contributing factor. In addition, the fact that female workers generate more rough profits than male workers is a contributing factor attributed to contract companies.
- 8) There are few opportunities for skill training and development. Other than a few hours of introductory session, there are few opportunities for training for Nikkei workers. There are Nikkei workers who obtain professional certificates on their own, but such cases are rare.
- 9) Human resource management for Nikkei workers is characterized by its flat structure. That is, wages of workers are determined on an hourly basis, and length of service is not taken into consideration. Nikkei contract workers will never be promoted to production-site managers even if they develop experience. Employees stationed at client companies give orders and instructions to Nikkei contract workers when a large number of Nikkei contract workers are assigned. When there are only a small number of contract workers, contract companies dispatch employees to round client companies



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and give orders. The mostly repetitive nature of Nikkei workers' work can be seen as a factor contributing to such policy.

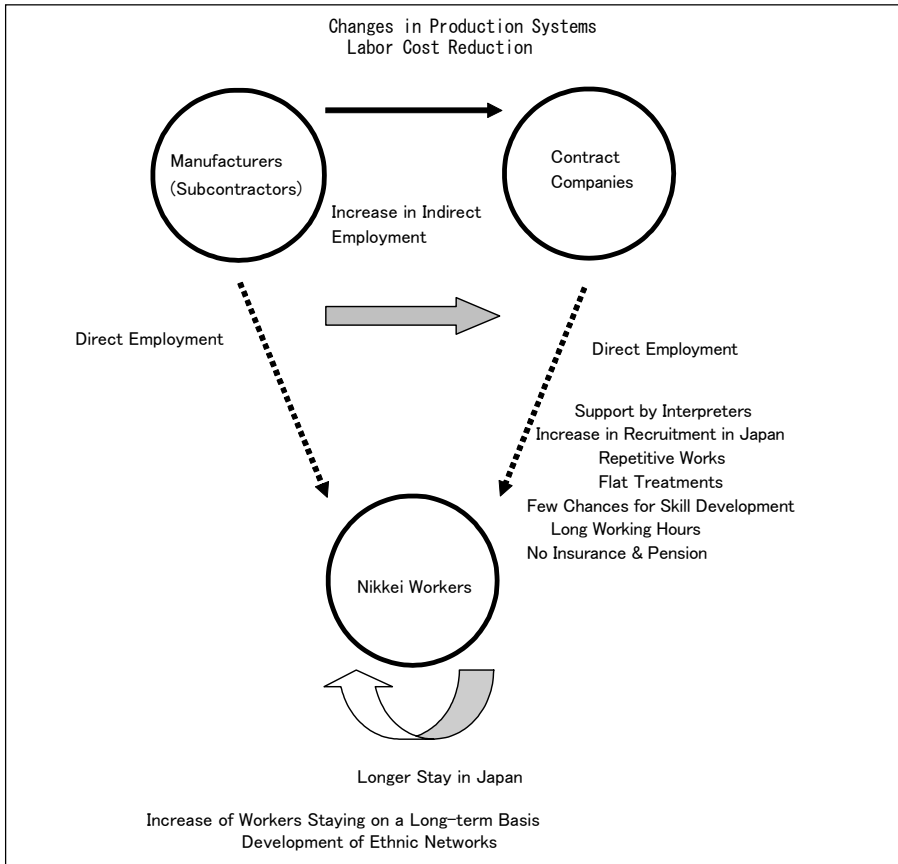
- 10) Nikkei workers do lots of overtime. For some of them, it is not unusual to do more than 100 hours/month of overtime. The behavioral pattern of Nikkei workers to earn as much money as possible in a short span of time is one supply-side factor contributing to this. One contributing factor attributed to contract companies is the fact that contract companies seek client companies that offer longer contract hours because the amount of contracted work is set by multiplying the number of workers by work hours.
- 11) Nikkei workers who choose to settle in Japan are increasing. More and more Nikkei workers are staying at a single company only as the number of female workers and Nikkei workers with families increase and support mechanisms for accepting Nikkei workers are improved at the areas with a high concentration of Nikkei workers. On the other hand, Nikkei workers who move from one job to another in search of higher wages still continue to exist.

The findings above can be conceptualized into the diagram below:

Why are the majority of Nikkei workers employed indirectly even though there is no legal restriction on their employment? How do Nikkei workers relate to the increase of indirect employment? Do contract companies with a large number of Nikkei workers actively provide skill development and training?

Sano (2003) examines mechanisms of Nikkei workers' employment. According to him, workers of the *dekasegi* type are found predominantly among male workers.<sup>28</sup> These workers typically work for two years mostly at manufacturing jobs and then return home. The survey identified new patterns such as an increase of female workers and shift toward long-term commitment. However, what has not changed is that form of employment (indirect employment), rather than abilities of individual workers, determines work conditions of Nikkei workers. Looking from the perspective of client companies using contract companies, they are utilizing not Nikkei workers per se but rather labor contracting. Hence, as pointed

**Figure 2: Employment System of Nikkei Workers**



out by Tanno, what is happening should be understood not as a rise in the demand for Nikkei contract workers per se but rather an increase in the demand for indirect employment or labor contracting, and this in turn is pushing up the demand for Nikkei contract workers. Labor costs of Nikkei workers are slightly lower compared to Japanese workers. For the purpose of cost reduction, there is a considerable merit to using Nikkei workers who are indirectly employed.

In the area of human resource management for Nikkei workers at contract companies, the existence of “interpreters” is a factor contributing to the concentration of Nikkei workers into indirect employment. When Nikkei workers are employed directly, Japanese personnel staff will take

care of issues related to their employment and daily life. In such case, miscommunications and misunderstanding between Nikkei workers and Japanese personnel staff can easily occur. In contrast, Nikkei workers will receive support from “interpreters” ranging from work instructions and advice on daily life when they are employed by contract companies. Nikkei workers who are interviewed for the survey pointed out that “interpreters” help them feel at ease because most interpreters are Nikkei themselves, understand challenges they face in their professional and personal lives in Japan, and provide meticulous assistance.

Japan accepts Nikkei workers as legal immigrants, but Kurata (2003) points out that the following five policy issues for Nikkei immigrants admitted into Japan have to be addressed:<sup>29</sup>

- 1) Monitoring of work conditions (to check if Nikkei workers are not placed into the bottom of the hierarchy in the labor market)
- 2) Improving the quality of labor through vocational training and career development
- 3) Guaranteeing social security rights of Nikkei workers and arranging institutional adjustments between Japan and their home countries as necessary
- 4) Assisting Nikkei workers in adapting to the life in Japan
- 5) Taking measures to encourage Nikkei workers who have been working in Japan for a long period of time to settle in Japan

With respect to the first issue, whether Nikkei workers are forming the bottom tier of the labor market is debatable. But it is still possible to consider them as settling into a specific category in the labor market called “indirect employment.” As for the second issue, it is difficult to believe that a sufficient level of vocational training and career development support are being provided, and therefore, it is difficult to argue that the quality of labor is being improved. Save for a handful of exceptions, most Nikkei workers engage in repetitive tasks. As for the third issue, subscription of the national pension and health insurance schemes is yet to become widespread among Nikkei workers. With respect to the fourth and fifth, necessary measures are finally being taken at the areas with a high concentration of

Nikkei immigrants.

It is necessary to treat direct employment and indirect employment separately as suggested by Sano and Tanno. Moreover, a polarization is taking place between Japanese contract workers and foreign contract workers working for contract companies. Japanese contract workers work for major contract companies whose client companies are primary subcontractors and receive higher wages than Nikkei workers. Many Nikkei workers work for contract companies, but they are assigned to companies in secondary and tertiary subcontractors. These Nikkei workers can be divided into Nikkei Brazilians and Nikkei Asians. The former group is large. It has become more common for contract companies to directly recruit and hire them in Japan. Support mechanisms for them are being improved at the areas with a high concentration of Nikkei immigrants. The latter group is a relatively small, and their workplaces are primarily small and mid-size contract companies and small businesses.

Below this group of Nikkei Asian workers, there is perhaps an unstable group of workers working at small business as Inagami's diagram suggests.

Of course, the survey targeted only a limited number of subjects. This is merely a tentative hypothesis, and we should be careful about constructing a model based only on this survey. We should continue to modify the model as more data are accumulated.

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## NOTES:

- <sup>1</sup> *The Report on Situations of Employment of Foreign Nationals (Gaikokujin Koyo Jyokyo Hokoku)* has been conducted every June since 1993 targeting companies employing foreign workers. The questionnaire is distributed and collected by public employment security offices across the nation. Since the survey is not mandatory, it has not targeted the same companies consistently every year. Moreover, its targets are not necessarily representative of the whole. Sano (2002) discusses features of *The Report on Situations of Employment of Foreign Nationals*. Sano's article is the first study which took data on a given prefecture between 1997 and 2001 from *The Report on Situations of Employment of Foreign Nationals* and turned it into panel data for analysis. Watanabe (2004) reexamined data on every prefecture between 1993 and 2002 and turned it into panel data.
- <sup>2</sup> The method for calculating the number of Nikkei workers in *The Report on Situations of Employment of Foreign Nationals* changed in 1997. Before 1997, the number of Nikkei workers was extracted from "The Number of Regular Workers" in "The Number of Foreign Workers by Purpose." Since 1998, the number of Nikkei workers has been extracted from the number of "South and Central Americans" in "The Number of Foreign Workers by Home Country." In addition, "Spouse or Child of Japanese Citizen etc., Spouse or Child of Permanent Resident etc, and Long-term Resident" in "The Number of Foreign Workers by Visa Status" might contain Nikkei workers.
- <sup>3</sup> My previously published article selected those companies which responded "Yes" to the question "Are you engaged primarily in worker dispatching or worker contracting?" in the 2002 survey. It compiled panel data on 96 companies engaging in worker dispatching and work contracting going back to 1993. The total number of workers at these companies has been fluctuating between thirty and several thousands and forty thousands. The average number of workers per company is approximately 400.

Over 70% of the workers are production-line workers. Over 70% of them are *Nikkei* immigrants. Over 70% hold a resident/visa status such as “Spouse or Child of Japanese Citizen etc., Spouse or Child of Permanent Resident etc, or Long-term Resident” The companies have very high turnover rates. The number of accessions is comparable to that of separations each year. This is perhaps due to how contract periods are determined as discussed in the present article.

- <sup>4</sup> See Kajita (2002). Chapter 1 and 3 of the Japan Institute of Labour (1997) review the studies on foreign workers and international movement of labor forces produced before the mid-1990s.
- <sup>5</sup> Japan has a policy of actively accepting foreign workers with professional and technical skills.
- <sup>6</sup> Chapter 2 of Iguchi (2001) is a concise and clear review of the history of how *Nikkei* workers have come to work in Japan.
- <sup>7</sup> See Chapter 3 of Inagami (1992).
- <sup>8</sup> Suzuki (2001) provides an effective review of the relationship between foreign workers and immigration control policy.
- <sup>9</sup> See Shimodaira (1999), particularly Figure 2 (page 244).
- <sup>10</sup> See Kuwabara ed. (2002).
- <sup>11</sup> See Section 2, Chapter 5 of Kamata (2001).
- <sup>12</sup> “3K”: It points out that contract companies employ *Nikkei* workers for the purpose of securing human resources for the so-called three-K jobs, jobs that are *kiken* (dangerous), *kitanai* (dirty), and *kitusi* (hard) and which Japanese workers avoid, rather than reducing personnel costs and require *Nikkei* workers to sign up for overseas travel insurance.
- <sup>13</sup> See Sato and Denki Soken ed. (2001). On the electronics industry at the present moment, see Kobayashi (2002). See Nihon Rodo Kenkyu K:KJ (1992a) (1992b) concerning the production structure.
- <sup>14</sup> See Chuma (2003). and Chuma (2001).
- <sup>15</sup> It appears that Chuma analyzed mostly major contract companies. It should be kept in mind that most major companies employ only



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a small number of foreign and Nikkei workers. For example, a major contract company with approximately 7,400 employees (with approximately 1,100 regular employees) responded that it has fewer than 10 foreign and Nikkei workers. There are companies which employ both Japanese and foreign workers (Nikkei workers included), but the contract companies targeted for the survey and discussed in this article are those employing mostly Nikkei workers. Concerning the “polarization” between Japanese and Nikkei workers, Footnote 1 of Tanno (1999) is useful.

<sup>16</sup> See Muramatsu (2004).

<sup>17</sup> See the aforementioned article by Tanno.

<sup>18</sup> See Tanno (2002)

<sup>19</sup> Although they were not included in the survey, some companies reported that they started to use either only Japanese or Nikkei workers after experiencing troubles between Japanese and Nikkei workers over tasks and work conditions when they had been employing both.

<sup>20</sup> This issue is not discussed in detail here as it has been discussed widely elsewhere. See the aforementioned article by Sano, for example.

<sup>21</sup> Respondents reported that extensive adjustments are not causing problems because they have relatively short contracts with Nikkei workers.

<sup>22</sup> Even during the standby period, contract companies cannot force Nikkei workers to move out of company-owned apartments.

<sup>23</sup> Most interpreters are Nikkei, but some of them are Japanese who can understand Spanish and Portuguese. The survey was able to collect responses from “interpreters” although their number was limited. Their profile is the following. They came to Japan in the early 1990s and worked at “production sites” at several companies before being hired as “interpreters” by their present companies. In some cases, contract companies specially recruit “interpreters.” In other cases, they handpick competent production-site workers with Japanese language skills as “interpreters.” Interpreters handle such diverse tasks as giving work instructions and

assisting Nikkei workers with daily life (opening bank accounts, going to the hospital, helping with paper works at municipal governments, and even mediation between Nikkei workers and the police in some cases) in addition to interpreting. Therefore, being able to speak Japanese alone is not sufficient to serve as an interpreter. Interpreters receive the same treatment as Japanese employees.

<sup>24</sup> One company responded that it has developed a simple multiple-skill development worksheet in order to respond to requests from auto companies requiring multiple-skilled workers.

<sup>25</sup> Ozaki (2003).

<sup>26</sup> In the past, it was common for Nikkei workers to build a house and start a business in their home country with the money earned in Japan. However, only a handful of them were able to enjoy success in their business ventures, and the majority of them failed. According to the interviews conducted along with the survey of contract companies, most of the Nikkei Brazilians who failed had no previous experience in business management. Consequently they encountered troubles related to business contracts and labor relations. Moreover, it is common for them to lose their savings made in Japan as a result of theft. At one contract companies, 5% of the Nikkei workers reported that they had lost their savings made in Japan as a result of theft.

<sup>27</sup> Several reasons are suggested by the survey as to why they have come to work for the same companies continuously. First, there are no jobs in their home countries. Second, many of them are now coming to Japan with their families and finding it hard to move around like they used to when they came to Japan alone. Third, it has become easier to get the right of permanent residence due to the relaxation of regulations. Finally, the Japanese government has improved housing for foreign workers, and the number of stores catering to foreign workers including grocers has increased.

<sup>28</sup> See the aforementioned article by Sano. Sano discusses Nikkei workers' ideas about "*dekasegi*" and situations surrounding

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Nikkei workers in Japan and their home countries. These issues are not discussed in the present essay.

<sup>29</sup> Kurata makes this point in his chapter on professional and skilled workers, but I decided to cite his work here because it can apply to the foreign workers admitted into Japan as a whole.